

CITY OF CHESAPEAKE



ANNUAL REPORT 2012



BOLD STEPS. BIG THINKING.

ANOTHER DAY AT THE OFFICE.

We can. And we will.

KAUFMAN & CANOLES
attorneys at law

Inside

- 4 Business Overview
- 9 Small Business
- 10 Retail
- 11 Buy Local Chesapeake
- 13 International Business
- 14 Made in Chesapeake
- 15 Reinvestment
- 16 City Accolades
- 17 Regional Collaboration
- 18 Website and Technology
- 19 Public Communications
- 19 Public Safety
- 20 Transportation
- 21 Education
- 22 Tourism

Message from the Mayor

Once again, I am happy to present a summary of our city's accomplishments and successes, and welcome this opportunity to share them with you.

With a great deal of support from the business community – and in spite of economic challenges – Chesapeake has transformed itself.

By getting ahead of the curve and rather than accept the status quo, we have turned obstacles into opportunities. . . and haven't looked back.

Business investment was up 14 percent over 2010. In 2011, over 800 new jobs were created as a result of \$163 million in business investment, marking the fourth straight year of economic growth in Chesapeake. At the same time, businesses such as Raytheon and US Auto Parts reaffirmed their confidence in our city by renewing their leases and keeping 1,872 jobs in Chesapeake.

2012 is already off to a great start. Init Inc. and Simtech, LLC - two German-based firms already operating here - have established a business partnership and chosen Chesapeake as the home of Superior Quality Manufacturing, cementing Chesapeake's standing as a regional hub for international business.

Obviously, many factors have contributed to our successes, not the least of which are Chesapeake's top-ranked schools. Here, each and every school is fully-accredited - many are repeat winners of awards for academic excellence – and our on-time graduation rate is over 90 percent. In short, Chesapeake's kids leave school ready to learn more and ready to put what they know to work.

To make it easier and more appealing to live and do business in Chesapeake, we have created ePermits, an online permitting system that never closes. To help reduce costs and encourage entrepreneurs and others to start a new business in Chesapeake, we no longer charge a BPOL fee for the first two years.

And just as a \$140 million South Norfolk Jordan Bridge complex nears completion, we are hard at work to secure the funds necessary to eliminate another transportation choke point called the Dominion Boulevard Bridge. In addition to other local, state and federal funds already in hand, last month we received approval for a \$152 million loan from the new Virginia Transportation Infrastructure Bank, and we are extraordinarily near the start of a major infrastructure project that will mean new jobs and new investments for Chesapeake.

Taken together, these highlights are markers of a Chesapeake open for business and on the move.

Of course, if you live or work here, then you already know that. And if you do not, I hope you will accept my invitation to join us as we grow and prosper together.

Sincerely,



Alan P. Krasnoff



PRODUCTION
COORDINATION
City of Chesapeake
Economic Development Dept.
757.382.8040
www.chesapeakeva.biz
Public Communications Dept.
757.382.6241
www.cityofchesapeake.net
ASSOCIATE PUBLISHER
Mike Herron
Inside Business
757.222.3991

SPECIAL PUBLISHING
MANAGER
Olga Currie
GRAPHIC DESIGN
Arjen Rumpel
EDITORIAL ASSISTANT
Nora Firestone
757.496.2527
DIRECTOR OF SALES
Bill Blake
757.222.3165

ADVERTISING SALES
Robin Simmons
John Kinsley
BUSINESS MANAGER
Debbi Wilson
PHOTOS COURTESY OF:
Coastal Precast Systems
Costar
Chesapeake Companies
City of Chesapeake, VA
Hampton Roads Chamber of
Commerce
Superior Quality Manufacturing
Van White Photography

Inside Business
150 W. Brambleton Ave.
Norfolk, VA 23510
757.222.5353

Chesapeake: Always Prepared to Do Business

Chesapeake continues to thrive during our national economic challenges and in 2011 realized more than \$163 million in business investment and 816 new jobs, as reported by the City's Economic Development Department. This figure represents a 14 percent increase over 2010.

New company investment led the way with more than \$97 million, followed by existing company investment with more than \$66 million. The majority of economic development activity was concentrated in the professional business services and technology, retail and development service, and manufacturing and construction sectors.

Existing companies continued to agree that Chesapeake is a great place to do business by renewing their office leases valued at more than \$17 million. This resulted in 1,872 saved jobs in the City. ACS Inc., Raytheon and Sentara Healthcare – to name a few – kept our local economy moving forward.

With more than 40 percent of the international companies in Hampton Roads located in Chesapeake, the City continued to be a leader for international investment in the region. In 2011, international companies accounted for \$18 million in investment and 152 new jobs. IBS, an Austrian company, expanded their presence with an investment of \$1.3 million. Two German companies, INIT, Inc., a leading provider of Intelligent Transportation Systems (ITS), and Simtech, LLC, a supplier of customized electronic products, partnered to launch a new business venture in the City of Chesapeake: Superior Quality Manufacturing (SQM). SQM was established to produce a variety of electronic modules and devices featuring components such as computer boards and LED panels.

On the domestic front, Enviva chose Chesapeake's waterfront to locate their wood pellet storage and shipping facility for a total investment of \$16.3 million and 15 new jobs. On New Year's Eve, Enviva launched their inaugural ship from its deep water terminal at Virginia's Port of Chesapeake. The first shipment, consisting of 28,000 metric tons of wood pellets, was destined for Europe aboard the MV Daishin Maru. Continuing along Chesapeake's strong working waterfront, Perdue also made an additional investment in their Chesapeake facility of nearly \$8 million.



Enviva LP and Dome Technology erected a 157-foot-high storage facility for wood pellets in five hours at the Port of Chesapeake.

Other noteworthy highlights included additional job creation in the professional business services sector led by behavioral health and wellness company Value Options (150), defense contractor General Dynamics (80), communications repair and logistics provider Communications Test Design, Inc. (75), and full service document imaging company Konica Minolta (45).

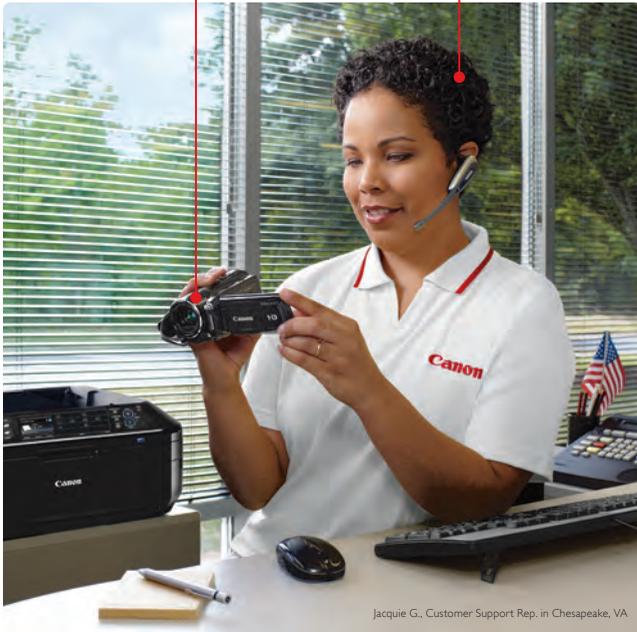


Photo: Van White Photography

Retail investment had a strong showing in 2011 with the city realizing more than \$38 million and 133 new jobs. Target stores chose Chesapeake to launch a new retail concept and reinvested a total of \$9 million on interior renovations that added a larger grocery selection for their customers. Chesapeake welcomed new retailers The Big Screen Store, Cotton Southern Bistro and three Sleepy's locations. The City also saw continued franchise expansion through second and third locations of retailers like Panera Bread in Great Bridge and Plato's Closet in Western Branch.

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Jacquie G., Customer Support Rep. in Chesapeake, VA

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Advantage: First Potomac.

As a leading owner of office, industrial and business park properties in the Greater Norfolk Region, our partners benefit from local market knowledge, commitment to service, and our ability to act quickly on opportunities, including:

- ownership
- development
- management
- redevelopment

For more information on a First Potomac property, contact:

Tony Beck | tbeck@first-potomac.com

Hal Yuill | hyuill@first-potomac.com

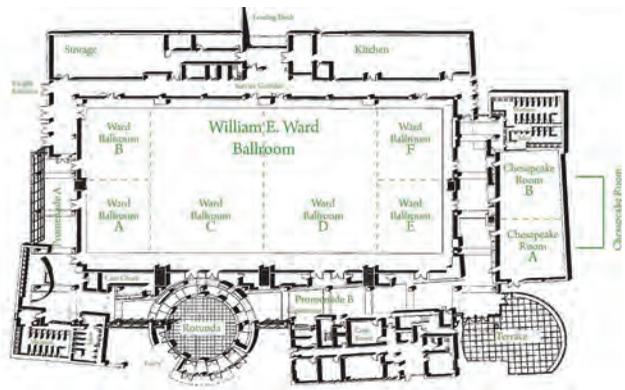
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It All Happens Here



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900 Greenbrier Parkway • Chesapeake, VA 23320

Contact Tim Fields at tfields@cityofchesapeake.net

or call 757-382-2511 • 757-382-2535

www.chesapeakeconference.com

New Employment Highlights:

• Value Options	150
• General Dynamics	80
• CTDI	75
• Konica Minolta	45
• Serco	26
• US Marine	20
• Bay Diesel & Generator	18
• Crewstone Technologies	18
• Enviva	15

Development Highlights:

• Enviva	\$16.3 million
• Target Stores Renovations	\$9 million
• Perdue	\$7.8 million
• CTDI	\$4.5 million
• American Packing & Crating	\$3.9 million
• Chesapeake Eye Center	\$2.7 million
• Crewstone Technologies	\$2.3 million
• Area Equipment Rentals & Sales	\$1.8 million

Inside Business Recognizes Four Chesapeake Companies as 2011 Best Places to Work

Year after year, our Chesapeake companies continue to move up the ranks on the annual Inside Business Best Places to Work List. Congratulations to our 2011 winners listed below:

- **Sumitomo Machinery Corp. of America**, Overall Winner, Best Mid-sized Company
- **Monarch Bank**, Large Company, First Runner-Up
- **Homeland Contracting Corp.**, Small Company, First Runner-Up
- **INIT, Inc.**, Inducted into the Hall of Fame



Sumitomo Machinery Corp. of America, Overall Winner, Best Mid-sized Company.

Knox Studios Chesapeake 2011 Retailer of the Year

Knox Studios, a full-service photography business, was chosen as one of 10 city winners for the Retail Alliance's Retailer of the Year Awards. Held April 15, the awards program celebrated local retailers that have excelled in business, community involvement and customer service. Forty-five finalists were chosen out of 182 nominations. Knox Studios services weddings, seniors, commercial clients, pre-school and children programs. Knox Studios is located at 205 Tintern Court, Suite A in Chesapeake.



Jim Knox receives Retailer of the Year award from the Retail Alliance for Knox Studios in Chesapeake.



Great businesses and great weather made for a good time at Chesapeake's Annual Business Appreciation Golf Tournament and Cookout held May 20 at Cahoon Golf Course. Attendees enjoyed refreshments, prizes, music and networking with each other. The Chesapeake Economic Development Authority named J.D. Miles and Sons, Inc., as the 2011 Business of the Year (left). The Chesapeake Port Authority selected Kinder Morgan Terminals as the 2011 Water-front Business of the Year (right). The event's net proceeds were donated to the Boys and Girls Club of Hampton Roads (Chesapeake Division).



Ribbon Cuttings, Celebrations and Openings in 2011



H&E Equipment Services employees gather to cut the ribbon at their new Chesapeake location.

H & E Equipment Services
3601 Koppens Way
17,500 SqFt



Hampton Roads Executive Airport officials and invited guests cut the ribbon at the grand opening.

Hampton Roads Executive Airport
5172 W. Military Hwy.
Suite A
\$30 Mil. Investment



Local officials and Bay Diesel employees cut the ribbon on a newly renovated office/warehouse in Cavalier Industrial Park.

Bay Diesel
3742 Cook Blvd.
14,400 SqFt
\$715,000 Investment
18 Jobs



Kaplan executives, Chesapeake City Council Member Dr. Ward and Chesapeake Economic Development Director Steven Wright cut the ribbon on July 13, 2011.

Kaplan College
1987 S. Military Hwy.
27,000 SqFt
\$4 Mil. Investment
23 jobs



Chesapeake Mayor Alan Krasnoff presents a welcome gift to Aireco Supply.

Aireco
1133 Executive Blvd.
7,500 SqFt



Area Equipment Rental and Sales employees cut the ribbon on new Chesapeake facility.

Area Equipment Rentals & Sales
921 Professional Place
10,963 SqFt
\$1.8 Mil. Investment
12 jobs



Walmart executives cut the ribbon on new Edinburgh Supercenter.

Walmart
201 Hillcrest Pwy.
147,000 SqFt
\$14.1 Mil. Investment
300 retail service jobs



Pictured (left to right): Mark Bradford, President, East Region, Chesapeake Mayor Alan Krasnoff and Mick Madioce, Market Vice President, Konica Minolta.

Konica Minolta
676 Independence Pky.
5,848 SqFt
\$357,380 Investment
45 jobs



From left to right, Delegate John A. Cosgrove; Mayor Alan Krasnoff; John Keppler, Chairman and CEO Enviva LP; and Steven Wright, Director Chesapeake Economic Development.

Enviva
1000 Giant Cement Dr.
\$16.3 Mil. Investment
15 jobs



Local officials, Chamber members, and Theatre and Mall Executives welcome the public to the new theatre's first showing.

Cinemark Theatres
2413 Chesapeake Square Ring Road
40,000 SqFt
\$13.7 Mil. Investment

TOP 10 iPad FRIENDLY CITY. AN IBM SMARTER CITY. CHESAPEAKE, VA. ALWAYS PREPARED TO DO BUSINESS.

This city is one of seven in the nation designated as an innovative leader in technology, civic and social media tools and ranked 9th as an early adopter of consumer technology. Chesapeake is home to intuitive, user-friendly technology initiatives like online permitting, the first of its kind in the region. We're among the top 10% of U.S. metropolitan areas for technology employment, with nearly a quarter of the city's labor distribution associated with technology companies. IBM has hailed Chesapeake as a "Smarter City" for investing and using technology to advance business and increase productivity.*

It's our city's talent, infrastructure, and above all, our attitude that fuels progress. If you're looking to start, expand or locate a business, get to know Chesapeake, VA. Our community is always ready. Are you?

*Recognition by Public Technology Institute for the Web 2.0 Statue and Local Government Award; "9th Most iPad Friendly Cities," Men's Health; Recognition by IBM as a 2010 "Smarter City" for using technology to better serve the community.

Chesapeake Department of Economic Development 676 Independence Parkway, Suite 200, Chesapeake, Virginia 23320
Tel 757.382.8040 Fax 757.382.8050 Email: research@chesapeakeva.biz



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Small Business, Big Impact

Small, Women, and Minority Owned (SWaM) Businesses

In recognition of the diversity initiatives that can help businesses thrive within local, global and multicultural markets, the City's Department of Economic Development continues to assist Small, Women and Minority owned (SWaM) businesses in their pursuits of enterprise-related opportunities.

Chesapeake's SWaM Business Program strives to support economic development and diversity in business citywide via outreach to these sectors, providing educational, technical and funding resources to enhance their ability to compete on equal ground within the marketplace and in earning government and commercial contracts.

Through partnerships with the Hampton Roads Chamber of Commerce Small Business Development Center and the City's procurement division, SWaM secures such resources as mentoring, networking and procurement opportunities; educational/informational workshops and seminars; investment incentives and lending programs; business referrals and counseling; and workforce development through higher-education institutions.

Companies interested in SWaM services or who may be in a position to contribute resources at no cost may call Angela Barber at 757-382-8040 or visit www.chesapeakeva.biz for more information.

Award-Winning Businesses

Four of the region's five recipients of the 2011 Entrepreneurial Excellence Awards are based in Chesapeake, including 5 Star Medical Transport founder Robynne Redmon, formerly a professional opera singer, who earned the distinction "Entrepreneur of the Year" for her role in her growing company that addresses the transportation needs of people with mobility difficulties.

The fourth-annual awards were presented by Inside Business and Regent University's School of Global Leadership and Entrepreneurship to honor the efforts

by entrepreneurs that have resulted in significant accomplishments within Hampton Roads, according to the publication. The other Chesapeake-based businesses recognized for Entrepreneurial Excellence were Tidewater Flight Center, Tidewater Bariatrics and Eastern Virginia Eye Associates.



Jim Carroll, Vice President of Small Business for the Hampton Roads Chamber of Commerce and Executive Director of the Small Business Development Center of Hampton Roads, Inc.; Neal Crawford, President, Monarch Bank; Buddy Smith, President, Russell's Heating & Cooling; and Jack Hornbeck, CCE, President & CEO, Hampton Roads Chamber of Commerce.

Four Chesapeake-based companies help comprise the Hampton Roads Chamber of Commerce's 2011 list of "Top 10 to Watch," an honor extended during the Chamber's annual Hampton Roads Small Business of the Year Awards luncheon. This event recognizes local small businesses on the rise or fresh on the scene with a new product or within a new marketplace.

Chesapeake recipients Cetan Corp., Hampton Roads Security Corp., Phoenix Group of Virginia, Inc., and Wolf Creek Fabrication Services, Inc. were honored in May; Russell's Heating & Cooling received the signature Small Business of the Year Award for Chesapeake.

For their entrepreneurial leadership and community involvement, Kisha Frazier and Alana Hernandez, owners of Terebinth: A Sweet Retreat, received the City's 2011 African-American Business of the Year Award, presented at the Virginia Black Expo Business Breakfast in August.



Chesapeake Mayor Alan Krasnoff welcomes attendees at the Grow Your Sales Seminar in February; more than 200 people attended at the Chesapeake Conference Center.



Terebinth: A Sweet Retreat receives Chesapeake's 2011 Virginia Black Expo Business of the Year Award. Pictured left: Owners Kisha Frazier and Alana Hernandez, and Steven Wright, Director, Chesapeake Economic Development.

Chesapeake: A Retail Resurgence in 2011

A boost in the retail sector marked by openings, investments and upgrades has created a bustle for small and large businesses that call Chesapeake home.



Cinemark Chesapeake Square Theatre.

The long-awaited Cinemark Chesapeake Square Theatre opened in December to viewers in anticipation of its NextGen design concepts and new-release movies. The complex's 12 stadium-style auditoriums feature cutting-edge technologies within wall-to-wall screens, all-digital projection and fully enhanced sound systems for a state-of-the-art movie-going experience. One XD Extreme Digital Cinema auditorium boasts even larger screens, plush seating and serious upgrades to the theatre's already high-tech audio and visual equipment, including RealD 3-D capability. Hungry for more? The new self-serve concession stand dishes out fresh popcorn, cold drinks and other traditional favorites.

The new 40,000-square-foot complex replaces a closed department store at Chesapeake Square Mall; the total reinvestment by Simon Property Group and Cinemark Holdings, Inc. equaled \$13.7 million.

Panera Bread opened its second Chesapeake franchise, filling 4,650 square feet at Great Bridge Shopping Center with the aromas of fresh-baked artisan breads, tantalizing soups and sandwiches, and cafe-style beverages and bakery goods—not to mention new employees.



Second location for Panera Bread in Chesapeake.

Chesapeake welcomed home-grown restaurants like Cotton Southern Bistro, in the Cahoons Commons Shopping Center, and a second Big Woody's, at Chesapeake Square Mall. Cotton Southern Bistro



Cotton Southern Bistro.

has been buffering the impact of rising food and fuel on consumers by using good, old-fashioned methods of meal preparation and purchasing--such as cutting their own potatoes for fries and buying fresh, local produce--to keep prices down and nutritional value up.

Photo: Van White Photography

The Young Chefs Academy opened its doors in the Towne Place at Greenbrier, offering hands-on cooking lessons for kids and adults. A number of existing establishments, including Applebee's, OfficeMax and Target, invested in significant renovations. Property owners also invested in aesthetic improvements and upgrades designed to increase the appeal of several area shopping centers and boost retail activity. They include The Volvo Parkway Shopping Center, Knell's Ridge Square, Woodford Square Shoppes and Crossroads Center at Chesapeake Square;



Young Chef's Academy opened its doors in the Towne Place at Greenbrier.

new tenants have in turn invested by opening their businesses in these locations.

The City's Business Watch program grew in 2011 to embrace the retail sector as well. Established by Chesapeake's Police and Economic Development departments in 2010 to assist businesses within the Cavalier Industrial Park, Business Watch empowers companies by creating organized means of communication with law enforcement and facilitating information meetings, safety tips and training to help establish safe environments in which to conduct business.

Retail and entertainment centers are expected to also benefit from the opening of Greenbrier's Aura at Towne Place, a new urban-style luxury apartment community under development on Eden Way North.

Local Business, Local Jobs, Local Deals

Looking for a good contractor, caterer, shoe store or car? Watch for the “Buy Local” tab on the City’s web-site, a new feature to connect residents with neighboring businesses who’ve invested their energy, intellect and capital with Chesapeake.



The “Buy local” link is designed to make online searches for local products and services more relevant and productive, and will specifically feature Chesapeake businesses in order to help support the local economy and tax base.

The platform will enable businesses to promote themselves, provide links to their own Web sites and network within the online community. Benefits to consumers include the ability to discover companies they hadn’t known; compare goods, prices and reviews; and even submit job applications.

According to studies, locally owned businesses tend to promote community sustainability; they patronize and support one another, offer more personal service to their customers, help preserve the distinctiveness of their communities and reinvest in the local economy.

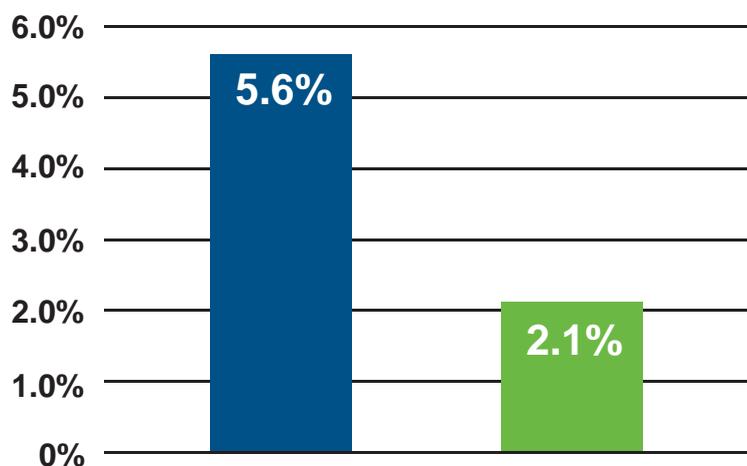
City representatives encourage Chesapeake businesses to join the new venture, and they urge residents to take a good look at what’s being offered within City limits as they shop online.

Business owners may visit www.buylocalchesapeake.net or call 757-382-8040 for more information.



In 2011, The Institute for Local Self-Reliance conducted an independent business survey of national and local business organizations. The survey found that businesses participating in “Buy Local” campaigns reported an average gain in revenue of 5.6 percent, compared with a 2.1 percent revenue increase for those not involved in these campaigns.
– Source: Institute for Local Self-Reliance

Average Change in Revenue in 2010



Independent businesses in communities:
■ with a “Buy Local” campaign
■ without a “Buy Local” campaign

OVER 70 COMPANIES FROM 18 COUNTRIES. CHESAPEAKE, VA. ALWAYS PREPARED TO DO BUSINESS.

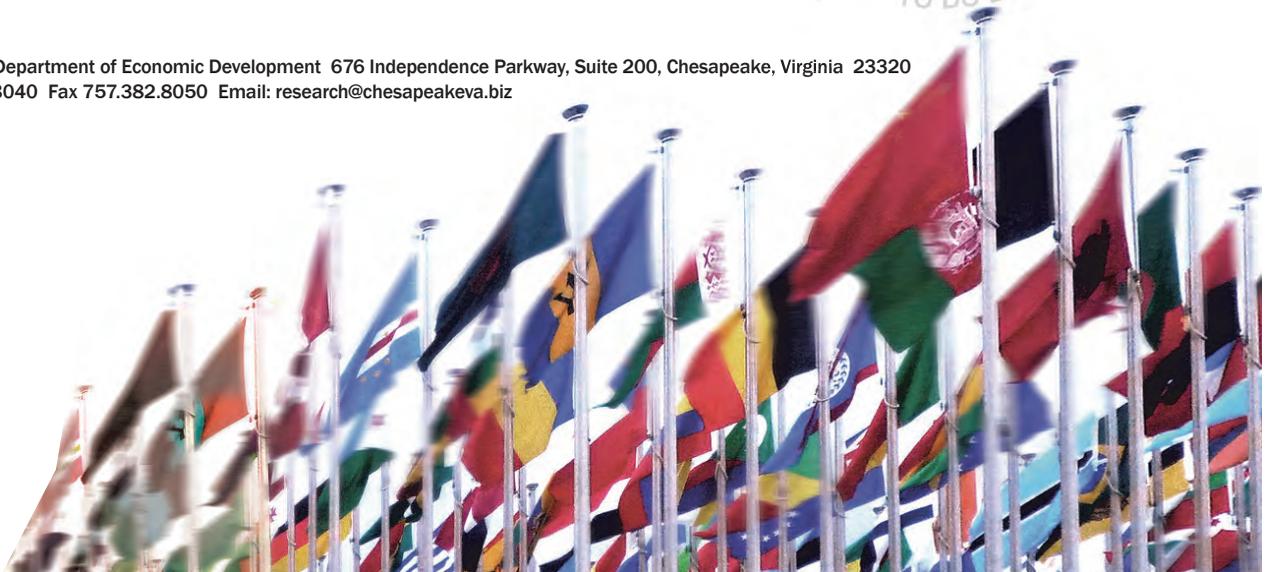
Nearly half of the region's international companies call Chesapeake home – and with good reason. Our diverse business community thrives on the city's central East Coast location and proximity to two-thirds of the nation's population. With access to one of the country's largest foreign trade zones, deep-water ports and a robust transportation network for moving both people and product, Chesapeake is prepared and active in global commerce.

We're among the country's top 100 places to live in a state that's been #1 for business four years in a row.* It's our city's talent, infrastructure and above all, our attitude that fuels progress. If you're looking to start, expand or locate a business, get to know Chesapeake, VA. Our community is always ready. Are you?

*"Best States for Business and Careers," 2006-2009, Forbes.com; "Top 100 Best Cities to Live," 2010, Money Magazine



Chesapeake Department of Economic Development 676 Independence Parkway, Suite 200, Chesapeake, Virginia 23320
Tel 757.382.8040 Fax 757.382.8050 Email: research@chesapeakeva.biz



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Globally Connected, Locally Invested

International Business

Known for having one of the strongest and most highly-skilled workforces nationwide, Chesapeake ranks among the top cities for attracting international businesses. Seventy foreign companies from 18 of the 24-plus countries that have established a business presence within Hampton Roads now call Chesapeake home. They include such industry icons as Maersk Distribution Services, Inc. (Denmark), Mitsubishi's chemical and imaging companies and Panasonic (Japan), and BAE Systems North America Technology Solutions, Inc. (United Kingdom).

In addition to a skilled and abundant workforce, international companies in Chesapeake benefit from the City's robust telecommunications and transportation infrastructures. Chesapeake's central location in the Hampton Roads region also offers immediate access to the financial and legal support services that are critical to international businesses establishing operations in the United States.

Retention of international businesses in Chesapeake continues as an essential component of the strategic goals of the Economic Development Department. The City's renewed commitment to aid in the expansion of existing locations of international companies in Chesapeake has paid dividends in recent years, and 2011 was no exception. For example, Usui International Corp. (Japan) has expanded yet again in Chesapeake. INIT Innovations in Transportation, Inc.'s transformation continues to grow from a five-person sales office in Chesapeake to the German corporation's North American headquarters. Additionally, new business partnerships in the INIT family continue to locate in Chesapeake. INIT partnered with Simtech, LLC, a supplier of

customized electronic products, to launch a new business venture in the City. Superior Quality Manufacturing (SQM) was established to produce a variety of electronic modules and devices featuring components such as computer boards and LED panels.

Chesapeake Mayor Alan Krasnoff said, "This achievement represents a perfect model of how different international companies can locate a business in Chesapeake and grow together to form a successful venture. Having two German companies, INIT, Inc., and Simtech, LLC, choose Chesapeake for their new manufacturing partnership proves our City is a great place for foreign investment."

While the traditional markets of Europe and Asia have long been the focus in economic development, the City has made a special effort to capture business development in the emerging economies of the "BRIC" (Brazil, Russia, India and China) nations. In 2011, Economic Development has re-established relationships within Brazil, home of Chesapeake's Sister City Joinville, Santa Catarina. Joinville, a large seaside city, well-known for its beauty, culture, industry and tourism, is also its state's headquarters for international commerce. Several Brazilian companies operate in Chesapeake, and the City has worked closely with government officials to further promote the benefits of a Chesapeake location and international business cooperation.

Diversifying the City's economic base is important in helping Chesapeake remain competitive in a volatile global economy. International business recruitment and retention is, therefore, a key component of the City's Economic Development strategy.



Chesapeake Visits Usui International in Japan.



Zambian Ambassador visits Chesapeake - Pictured above: Steven Wright, Director, Chesapeake Economic Development; Mrs. Sheila Siwela, Zambian Ambassador to the U.S.; and Eric Sheppard, Diversity Restoration, Inc.

Made in the USA - Chesapeake

Some may say that manufacturing in America is dead. In Chesapeake, as in the rest of the country, manufacturing has had resurgence. In 2011, manufacturing accounted for 15 percent of the total investment in the City, which equated to more than \$25 million and 176 new jobs.

Did you know that these products are made right here in Chesapeake?

BakeFresh



BakeFresh is a wholesale food manufacturer that produces a variety of baked goods for 7-11 retail stores in the Mid-Atlantic market. BakeFresh has called Chesapeake its home since 1996.

Coastal Precast Systems



Coastal Precast Systems manufactures precast concrete deck and wall panels of superior quality for soundwalls, parking garages, bridges and other heavy-duty precast concrete applications. Coastal Precast Systems was founded in 1946 by the Ogorchock family, and is still run by the founder's grandson.

Eska Graphic Board

Right here in Chesapeake, Eska Graphic Board produces top-quality graphic board for products consumers use in their everyday lives: hardcover books, files, ringbinders, diaries, albums, games, puzzles, displays, showcards and luxury packaging.



Superior Quality Manufacturing



Superior Quality Manufacturing (SQM) in Chesapeake produces a variety of electronic modules and devices visible to commuters on public transit. SQM manufactures components such as computer boards and LED panels, variable message signs, mobile data terminals, GPS devices and equipment racks for INIT's U.S. public transit customers.

Usui International



Photo: Van White Photography

Usui International's Chesapeake plant is a manufacturing facility that supplies the automobile, agriculture, and construction markets with highly engineered diesel fuel lines as well as other specialized assemblies. In 2010 Usui was named John Deere Engine Works Supplier of the Year. It has been a part of Cavalier Industrial Park in Chesapeake since 1990.

Private Sector Reinvestment Continues

Significant private sector reinvestment for building purchases and refurbishments spoke volumes about the business sector's faith in Chesapeake's viability and economic vitality in 2011.

Purchases of established structures totaled \$29 million and included the following shopping centers: Country Club Shops in Great Bridge, Churchland Plaza in South Norfolk and Great Bridge Shoppes in Great Bridge, as well as First Potomac's acquisition of Greenbrier Towers I and II for \$16.7 million.



First Potomac reinvested in Chesapeake through the purchase of Greenbrier Towers I and II for \$16.7 million.

Two retail shopping centers embarked on sizable renovations last year, enhancing their appeal to tenants and customers alike.

Greenbrier's 43,000-square-foot Volvo Parkway Shopping Center sports an exterior design upgrade that includes a new color scheme and building facade. In addition, landscaping and parking lot reconfiguration have resulted in increased visibility of shops and more parking for patrons. The center attracted Sleepy's, a major mattress retailer, as an anchor last year.



Volvo Parkway Shopping Center on the corner of Battlefield Boulevard and Volvo Parkway has a brand new look, and a new Sleepy's anchor store.

Upgrades at Woodford Square in Great Bridge, home to Farm Fresh, ushered the center into the 21st century with a "brand-new" appearance. The renewal featured replacements of the existing column surrounds, signboard and 585-linear-foot canopy, as well as full-façade and interior renovations to Farm Fresh.



Woodford Square in Great Bridge underwent extensive façade renovations, as well as renovations to its anchor store, Farm Fresh.

December marked the grand-reopening of the Great Bridge McDonald's. The Battlefield Boulevard eatery had been torn down in July 2011 and re-emerged with a new, yet historical appeal as the first business to be constructed in line with the Great Bridge Village Design Guidelines. Adopted by City Council in 2008, the guidelines specify Colonial features in architecture and pedestrian-oriented streetscapes, among other things, for a sense of historical and community distinctiveness. The new McDonald's also showcases art representative of Great Bridge's own history.



Great Bridge McDonald's at 400 S. Battlefield Boulevard.

Chesapeake Achieves National Recognition

Chesapeake ranked 21st in Bloomberg Businessweek.com's inaugural list of America's Best Cities last year. Businessweek culled various sources to rate 100 of America's largest cities based on such criteria as the number of specific cultural, educational and entertainment venues per capita; income levels; educational achievements; public school performance; employment, foreclosure and crime rates; recreational offerings; and air quality.

Businessweek cited Chesapeake's "broad acres of parks, highly ranked schools, and great air quality," as well as the beauty of and proximity to desirable amenities area-wide.



Parenting Magazine ranked Chesapeake among the 100 Best Cities for Families in 2010 and 2011, having rated quality of schools, affordability of homes, abundance of parkland, employment and more, as the data pertained to raising children.



Chesapeake also made Money Magazine's 2010 list of Best Places to Live, thanks in part to its "diverse, business-friendly" environment, appeal to large international companies, "strong military presence" and the stable local economy.



Men's Health Magazine ranked Chesapeake among the top 10 "tech-friendly" cities nationwide for embracing electronic tablet technologies such as the iPad.

For its use of technology to enhance operating efficiencies and realize strategic goals, the City of Chesapeake was recognized as one of the Center for Digital Government's 2011 Top Digital Cities, ranking No.7 among American cities with populations of 125,000 to 249,999. Chesapeake's entry featured cost-reducing projects and improvements to online services, among other highlights.

The Public Technology Institute designated Chesapeake a "Citizen-Engaged Community" for 2011-13. The designation recognizes local governments whose multi-channel contact centers most effectively use integrated technology and communication channels to engage and assist citizens and demonstrate accountability via performance reporting.

In January 2012, Chesapeake was named America's sixth "best-run" city by 24/7 Wall St., an online provider of financial news and opinions, after a review of the local economies, fiscal discipline and standards of living within America's largest cities (by population). Examiners cited the City's relatively low crime, unemployment and poverty rates, among other relevant attributes.

City Bond Rating Stability

Last summer the three major bond rating agencies reconfirmed prior ratings for the City of Chesapeake's General Obligation Bonds. In reconfirming its "AAA" rating, Fitch cited the role of the City's conservative financial management in the creation of stable reserves, high liquidity levels and financial flexibility. Recognition of the City's sound fiscal management and ample financial reserves accompanied Moody's "Aa1" rating. To back their "AA+" rating, Standard & Poor's considers the City "strong" per its Financial Management Assessment of related practices, tools and policies implemented by public sector entities. All three agencies awarded Chesapeake a "stable outlook" for the future.



Regional Coalition Explores Cost-Saving Measures

Chesapeake teamed up in 2011 with the cities of Norfolk and Virginia Beach and several large Hampton Roads-based corporations to explore how the municipalities might operate more synergistically to increase efficiencies and reduce their individual expenses.

The coalition is composed of city representatives and executives from five large local corporations: Amerigroup, Dollar Tree, Huntington Ingalls Industries, Norfolk Southern and Smithfield Foods. In this preliminary initiative led by the Hampton Roads Partnership, the group is probing cost-cutting ideas, including sharing the use and deliveries of certain internal and public services and increasing purchasing power as a collective.

Multi-city collaboratives already exist within the region, namely Hampton Roads Transit and the Hampton Roads Economic Development Alliance; cities also share emergency response services when necessary. When optimized, shared costs for shared services can streamline operations, improve management and reduce waste.

The coalition's cities and businesses have divided the \$150,000 cost of this initiative; their findings and solutions will serve as blueprints for others throughout Hampton Roads.



Congratulations Hampton Roads!

You are home to the 2011 Best of Show Silver Award for Best Newspaper, Small Tabloid

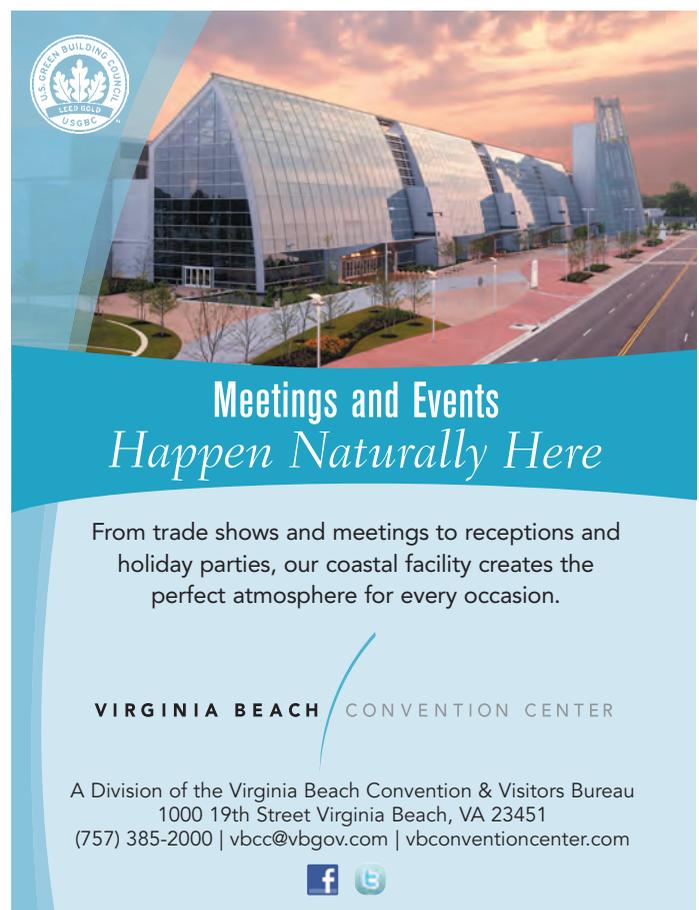
— “ —

A premium on both news and timely features gives this business journal a rich mix of content. The publication often surprises — and pleases. Overall, the business journal is consistently strong from beginning to end.”

— Judges of the Alliance of Area Business Publications editorial awards

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City's Website Gets New Look



The City's new user-friendly website beckons the public to navigate its virtual ports for content created to inform and assist residents, visitors and business representatives regarding Chesapeake's vast array of services and offerings.

Launched last June, www.CityofChesapeake.net features a well-organized structure, behind-the-scenes content management system and upgraded appearance and functionality, including a user-customized "My Chesapeake" page, RSS feeds, email notifications and vigilant update postings. Users may also choose text size and English, Spanish, French, Japanese or German. The new site is backed up to ensure online continuity in the event of widespread local power outages or other emergencies. All established online services remain, including permits, Customer Contact Center, real estate information/assessments, streaming media, City jobs and tax payments.

Leading the Way

Last year, for efforts and successes on the technology front, Chesapeake garnered accolades from two national programs.

The City ranked within the top 10 nationwide among those its size in the Center for Digital Government 2011 Digital Cities Survey, an annual affair open to

cities with populations of 30,000 or greater to showcase and honor the most advanced and effective use of information technology in operations and constituent-connection. The 2011 survey focused on technology-driven achievements in the areas of operating efficiencies and realizing strategic objectives despite fiscal constraints.



The Public Technology Institute recognized the City of Chesapeake for its innovative application of Web 2.0 technologies and civic/social media tools in the realms of citizen engagement, government accountability and operational efficiencies. Selection of the 17 winning state and local governments was based on criteria that included their goals and participation rates, system integration, interoperability, data access and sharing, performance metrics and excellent use of specific tools. Among other benefits, awardees will be featured in a book to showcase trends and successful practices in emerging technologies that improve management and delivery of government services and communications.

WCTV Chesapeake Television

Keeping up with the City's latest news, events, hot topics and vital information is easy and often entertaining at WCTV Chesapeake Television, where seasoned hosts, anchors and producers connect viewers with the actions, opinions and personalities that help shape Chesapeake's diverse community. Get the scoop anytime via live and on-demand broadcasts of 48News, City Council and Planning Commission meetings, high school sports and award-winning

specials, plus insightful interviews with local experts in-the-know on programs like Horizons, Thinking Out Loud and PeopleNet. In Chesapeake, catch WCTV on Cox Communications' channel 48; Chesapeake and Virginia Beach Verizon customers may tune in to FiOS channel 43. Live and on-demand viewing and full program schedule are also available at www.CityofChesapeake.net/TV



Anchors Mark Cox and Blair Barbieri, and a team of WCTV correspondents, bring you the news the matters most to Chesapeake each week on 48News.

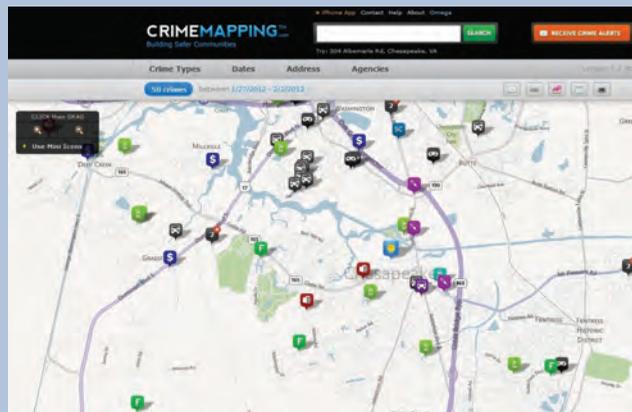


PeopleNet: Host Cookie Palacios, the Director of Chesapeake Human Services, connects viewers to the people in the know.

Crime Mapping: Using Technology to Fight Crime

To improve services for residents and promote transparency within the Chesapeake Police Department, Police Chief Kelvin L. Wright's Crime Reduction Program has adopted the use of CrimeMapping.com. This free service enables residents to access reports of criminal activity in Chesapeake, as well as throughout the country. Fifteen statistics categories, including theft, assault, robbery, vandalism and sex- and drug-related crimes, are included within the available reports. Users may conduct broad area searches or

narrow their queries to within one mile of a particular address. The service provides access to graphical trend reports and details regarding crimes reported within six months of the on-site search date. CrimeMapping.com receives data from the Chesapeake Police Department's records management system every 24 hours; the site updates every six hours. Mobile phone apps and e-mail alerts are also available. Visit www.CrimeMapping.com or CityOfChesapeake.net/Police for more information.



Building Bridges Toward Chesapeake's Future

South Norfolk Jordan Bridge

When the Carl M. Jordan Bridge closed in November 2008, residents of Chesapeake, and particularly South Norfolk, were left without a convenient access to Portsmouth and neighboring cities. The new fixed-span, high-level South Norfolk Jordan Bridge, scheduled to open in the Spring of 2012, will solve that problem as it crosses the Southern Branch of the Elizabeth River, connecting Chesapeake, at Poindexter Street near I-464, to Portsmouth, at Elm Avenue near Burton's Point Road. The new, privately built span will improve regional access for commuters, businesses, residents, waterway users and emergency responders.

Construction began just prior to the start of 2011; progress last year included casting and positioning of massive concrete pier columns and 50- to 97-ton superstructure span segments by Portsmouth-based Atlantic Metrocast, Inc.

Upon completion, the 5,375-foot-long bridge, being developed by Figg Bridge Builders and Lane Construction Corp. with private investment funds, will feature two 12-foot-wide traffic lanes, two eight-foot-wide shoulders, connection roads to Truxton Street and Interstate 464, a 145-foot vertical marine clearance and a pedestrian walkway that meets Americans with Disabilities Act requirements and bears a concrete barrier to traffic. Developers expect tolls collected electronically to boost traffic flow and convenience while returning building investments.

Additional information and updates on the project are available at www.southnorfolkjordanbridge.com or during public meetings, held at 9 a.m. the first and third Saturdays monthly at Elizabeth River Park on Poindexter Street near the bridge, rain or shine.

The Steel Bridge and Dominion Boulevard Project

Long considered a high-priority project by state and local agencies, the initial phase of the planned 3.1-mile Dominion Boulevard improvement, designed to optimize connectivity within Chesapeake and between Hampton Roads and North Carolina, made significant headway in 2011. Design plans, under review by the City of Chesapeake and VDOT as of the end of 2011, include widening of Dominion Boulevard to a four-lane toll road and replacement of the Steel Bridge as a 95-foot-high fixed-span high-rise. Phased right-of-way acquisitions and permitting have progressed steadily; construction could begin upon funding finalization and may last approximately 42 months.

Upon completion the project is expected to greatly enhance vehicular and maritime traffic safety, emergency response efficiency, economic pulse and access to ports, military facilities and business/industrial centers region-wide, at an estimated total cost of \$410 million.

Keep up at www.CityOfChesapeake.net/PublicWorks.



Dominion Bridge.

Traffic Management Center

The City operates the R. Wayne Harrell Traffic Management Center, which serves as command/control central for the Chesapeake Traffic Management System, consisting of 170-plus traffic signals, seven Variable Message Signs, approximately 35 permanent traffic count stations and 23 closed-circuit television cameras. Conjointly, these strategically placed technologies assist engineers in collecting and monitoring important data regarding traffic demand, conditions, signal timing and operations, and in conveying vital traffic and emergency information to motorists.

For optimum traffic flow within high-demand corridors, Time Based Coordination—a complex wireless communication system among traffic signals—has

been employed along sections of Battlefield Boulevard, Cedar Road, Kempsville Road, Volvo Parkway and Eden Way North. In addition, Chesapeake is one of a handful of cities nationwide to implement Traffic Adaptive Control technology, now operating within key corridors of Greenbrier Parkway, Military Highway, Portsmouth Boulevard, Taylor Road and Western Branch Boulevard.



Traffic Management Center.

Award-Winning School System

Chesapeake Public Schools (CPS) continues to make strides in educational excellence. CPS boasts the highest graduation and lowest dropout rates among the region's school divisions and is the only one to achieve 100 percent Virginia Standards of Learning (SOL) accreditation. Widespread innovative learning approaches, implemented on all levels, align with Chesapeake Public Schools' goals to accommodate students in various standings with more customized educational opportunities.

CPS employees received three prestigious state awards last year:

Jillanne "GiGi" Badawi, CPS e-learning coordinator, received the Virginia Department of Education's 2011 Region 2 Educational Technology Leadership Award.

Teacher Robert Carroll of Great Bridge High School earned the distinction of "Outstanding Music Educator" by the Virginia Music Educators Association for program growth and other accomplishments.

Cynthia Normandia of E. W. Chittum Elementary School received the 2011 Virginia Occupational Therapy Association Award of Merit.

Science and Medicine Academy

Deep Creek High School ushered in the inaugural class for its new Science and Medicine Academy (SMA) in September, joining the ranks of Oscar Smith and Grassfield high schools in providing a streamlined course of concentrated learning in specific fields of student interest.

The SMA, which accepts students from all parts of the City, is designed for those interested in careers in medical science. The program features specialized classes, guest speakers, field trips and opportunities for hands-on training, as well as plans for internships and job shadowing in the future. Sixty students enrolled for the 2011/12 year; rising freshmen throughout the City may apply each winter for subsequent years.

Oscar Smith High has offered the International Baccalaureate Program since 2004, and Grassfield High opened its Technology Academy in 2008.



Oscar Smith Middle School

Oscar Smith Middle School received the MetLife Foundation/National Association of Secondary School Principals (NASSP) Breakthrough Schools Program award last year. This award recognizes middle and high schools nationwide that serve a relatively large base of low-income students and have demonstrated great strides and successes in student achievements despite students' challenges.

Selection is based primarily on documented, improved achievement rates, attained through collaborative leadership, personalized student instruction and community connections, and curriculum/instruction assessment. Only 10 schools in the country receive the annual award; each wins a \$5,000 grant.



Oscar Smith Middle School.

Tourism Positively Impacts Local Economy

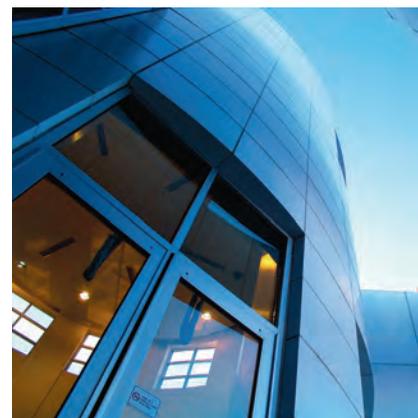
Capitalizing on the value of Hampton Roads as the second most-traveled region statewide, the Chesapeake Convention and Visitors Bureau strives to highlight the City as a “destination within a destination.” Visitors constitute a hefty base for the region’s economic stability and growth, and the hospitality industry is essential to Chesapeake’s economic base. Chesapeake’s own rich natural, historic and retail offerings, as well as its proximity to amenities throughout the region, appeal to vacationers who seek a variety of affordable and diverse attractions. The City’s desire to accommodate visitors engages travelers who span the gamut, from tourists to athletic leagues to businesspeople and trade associations in search of the ideal venues for conferences and assorted events.

Fifty-six groups—including the United Football League’s Virginia Destroyers, the Virginia Motorcoach Association and the Blue Knights International Law Enforcement Motorcycle Club—convened in Chesapeake in 2011, resulting in 12,184 room nights throughout the City. According to data assessed through Smith

Travel Research, the City saw an increase in both demand and revenue, with hotel occupancy up 7.6 percent, room-night demand up 7.8 percent and hotel revenue up 8.8 percent in 12 months.

Lodging during fiscal year 2011 generated \$5,950,242 in local tax revenue; those funds help offset the tax burden for residents. Chesapeake serviced more than 29,000 requests for visitor guides and travel information in FY2011 and identified a 22-percent increase in consumer inquiries in 12 months.

The City’s current Tourism Plan illuminates the appeal of Chesapeake’s vast array of natural attractions. It cites eco-tourism development opportunities that include enhancing access to and offerings within Chesapeake’s stunning waterways for increasingly popular recreational activities as well as two 2011 City Council resolutions aimed at supporting access to and economic growth from the Great Dismal Swamp National Wildlife Refuge.



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MAKING AN IMPACT.

NORFOLK, VA | USA



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343 thousand jobs
\$13.5 billion in wages
\$1.2 billion in state taxes

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\$556M IN INVESTMENT. 2693 NEW JOBS. CHESAPEAKE, VA. ALWAYS PREPARED TO DO BUSINESS.

This city is host to 20% of the region's largest employers, including Fortune 500 retailer Dollar Tree. Nearly half of the region's international companies call Chesapeake home—and with good reason. Chesapeake ranks 9th in the nation as an early adopter of consumer technology, and the city consistently maintains its AAA bond rating status. In the past four years, our business community invested more than \$556 million, created 2,693 new jobs and saved nearly 5,000 positions. We're among the country's top 10 best-run cities and in the top 100 places to live and raise a family. Chesapeake's continuing success has helped keep Virginia #1 for business four years in a row.*

It's our city's talent, infrastructure and above all, our attitude that fuels progress. If you're looking to start, expand or locate a business, get to know Chesapeake, VA. Our community is always ready. Are you?

*"Best States for Business and Careers," 2006-2009, Forbes.com; AAA, Fitch Ratings; "Top 100 Best Cities to Live," 2010, Money Magazine; "Top 100 Best Cities to Raise a Family," 2011, Parenting; "9th Most iPad Friendly Cities," Men's Health; "The Best-Run Cities in America," 247wallstreet.com

Chesapeake Department of Economic Development 676 Independence Parkway, Suite 200, Chesapeake, Virginia 23320
Tel 757.382.8040 Fax 757.382.8050 Email: research@chesapeakeva.biz

