

CONNECTED TO OPPORTUNITY. COMMITTED TO SUCCESS. CHESAPEAKE, VA.

ANNUAL REPORT 2016



Chesapeake
VIRGINIA

LETTER FROM THE MAYOR

Welcome to Chesapeake, where strategic economic efforts built on enduring partnerships have created a solid foundation and new opportunities for everyone to grow and prosper.

In that respect, it's been a banner year in Chesapeake.

Over \$179 million in investments and more than 1,800 new jobs have been created, which is an impressive 17.3 percent increase and a strong sign of confidence in how we run a business we call Chesapeake.

The business relationships we have forged, nurtured and sustained over time are also a testament to our focus on cultivating partnerships that have long-term benefits.

International interest in Chesapeake continues to bear fruit. Seventeen years ago, INIT, Inc. saw potential when it opened a small sales office in Chesapeake. Soon, INIT will begin construction of its new 70,000-square-foot manufacturing facility and a North American headquarters. DB Schenker, another German-owned transportation company, recently announced its growing Shared Services Center and employment levels will rise from 135 to 185 people. Becker Hydraulics USA – a major supplier to John Deere – opened its first American manufacturing operation last year in Chesapeake.

On the retail front, Lidl Grocer, a European specialty food company, will open one of its first American stores in a purpose-built 36,000-square-foot building in Western Branch.

Companies like Hoffman Beverage are also on the move, and it shows. With its corporate headquarters already established in Chesapeake, Hoffman Beverage recently approved an \$18 million warehouse expansion that will create 148 new jobs. The healthcare sector also grew, and Chesapeake has become home to its fair share of new facilities responding to medical needs, including the arrival of Sports Medicine Orthopaedic Center in Oakbrooke Business and Technology Center.

Our public/private partnerships and infrastructure investments are also paying dividends.

Chesapeake's new Veterans Bridge is on a fast track to open in late 2016, and our investment of over \$345 million in the largest municipally-managed project in Virginia's history has already spurred new interest and development in the Dominion Corridor.

At the same time, we are tantalizingly close to building a new bridge in Deep Creek and expanding the High Rise Bridge on Interstate 64. And when that happens – and it will – Chesapeake will have created even more opportunities for success.

In short, Chesapeake is on the move.

Our schools are among Virginia's best, we are one of America's safest cities, we continue to grow and prosper because Chesapeake is open for business – and that isn't going to change.

Our successes have also made us a community of choice for families and companies, and we're just getting started.

Our future is bright and talented, hardworking business leaders and citizens are helping write a new chapter in Chesapeake's history.

Join us.

Mayor Alan P. Krasnoff



HIGHLIGHTS

#8 among America's Best Cities for Families*

#10 among The Hardest Working Cities in America*

#9 among America's Most Caring Cities for the Community*

#5 among America's Most Caring Cities for the Vulnerable & Homeless*

Top 40
Best City for Veterans*

Top 100
Greenest City in America*

Top 20
Best City for People with Disabilities*

*WalletHub.com (2015)

A GROUNDBREAKING YEAR

JANUARY

Chesapeake Welcomes Bud's Heating & Air Conditioning
Bud's Heating & Air Conditioning, a company that provides routine maintenance to full-system replacements, opens a new facility.



FEBRUARY

Big Ugly Brewing Makes Chesapeake History
Start-up company Big Ugly Brewing establishes its headquarters, becoming Chesapeake's first craft brewery.



APRIL

"Invest in Norway" Workshop
The Chesapeake Economic Development Department hosts representatives from the Royal Norwegian Embassy, Royal Norwegian Consulate General Office, Norwegian American Chamber of Commerce and VA Economic Development Partnership for a workshop to explore potential business opportunities for the Scandinavian nation.



MAY

"Virginia's Bus Company" Expands in Hampton Roads
Sonny Merryman Inc. celebrates construction of a new 37,000-square-foot service center in Cavalier Industrial Park that will house office space and bus maintenance facilities.



MAY

Healthcare Sector Continues to Grow in Chesapeake
Sports Medicine and Orthopaedic Center (SMOC) stakeholders toast to the groundbreaking of the healthcare provider's new facility, scheduled for completion in 2016.



JUNE

City Presents 2015 Waterfront Business of the Year Award
Technico Corporation receives the Chesapeake Port Authority's 2015 Waterfront Business of the Year Award for its work repairing US Navy and commercial vessels.



AUGUST

Fitness Venture Takes Off in Chesapeake
Forward Fitness & Performance, which provides cutting-edge personal and group training in a motivating environment, launches in Chesapeake.



SEPTEMBER

Oceaneering International Unveils New Facility
The Marine Services Division of Oceaneering International, which provides engineered services to submarine systems, debuts its new 150,000-square-foot building to employees, city leaders, and local and state elected officials.



OCTOBER

Mechatronics Mentoring Event Inspires Young Minds
Chesapeake Public Schools, Tidewater Community College and the City of Chesapeake host "Manufacturing Mentor Match" as part of a new community partnership program that encourages high school students to pursue careers in mechatronics.



Opening of New Road Helps Relieve Traffic
With the construction of Woodlake Drive, a critical connection is made from Greenbrier Parkway to Battlefield Blvd., easing congestion of high truck traffic.



NOVEMBER

Economic Development Launches New Website
The Chesapeake Economic Development Department reveals its completely redesigned website, www.chesapeakeva.biz.



TOP GROWTH INDUSTRIES FOR 2015:

EDUCATIONAL SERVICES: **10.4%**
HEALTHCARE & SOCIAL ASSISTANCE: **8.6%**
ARTS, ENTERTAINMENT & RECREATION: **8%**
INFORMATION: **6%**

UNEMPLOYMENT FELL TO

4.2%
.5% LOWER THAN 2014

CHESAPEAKE IS HAMPTON ROADS' FASTEST GROWING CITY OVER THE PAST 5 YEARS WITH A POPULATION OF

238,000

A 7.23% INCREASE FROM 2010
(Source: Weldon Cooper Center for Public Service)

OVER **42,000** MILES TRAVELED INTERNATIONALLY FOR MARKETING MISSIONS

OVER **19,000** MILES TRAVELED DOMESTICALLY FOR MARKETING MISSIONS

INVESTMENTS IN CHESAPEAKE TOTALED **\$179 MILLION**
A 17.3% INCREASE FROM 2014

1,886 NEW JOBS WERE CREATED, A 54.6% INCREASE FROM 2014

CHESAPEAKE HAS **20%** OF THE REGION'S LARGEST EMPLOYERS

CONNECTED

CHESAPEAKE'S INTERNATIONAL PARTNERSHIPS CREATE A PROSPEROUS BUSINESS CLIMATE

Chesapeake's economic influence spans cities, states, countries and continents. The city's prime location, vibrant business community and desirable amenities continue to attract top international corporations from every corner of the globe that are seeking to establish or expand their North American presence. Currently, 50 globally-based companies conduct operations out of Chesapeake. In short, Chesapeake is truly connected to the world.

German-owned INIT, Inc., a global provider of intelligent transportation systems for public transit, is just one of many foreign companies that chooses to call Chesapeake home. The company has been a valued international partner since 1999, when it established its first North American location.

"Chesapeake's partnership with INIT demonstrates our commitment to fostering relationships with international businesses that see potential in our city," stated Chesapeake Mayor Alan P. Krasnoff. "International corporations are an integral part of our business community, and we want to treat them as such by assisting them every step of the way."

INIT has since grown its operations throughout Chesapeake and continues to serve as a model of success for other international corporations. In 2016, INIT will extend its headquarters and begin construction on a new building in the Oakbrooke Business and Technology Center. The 70,000-square-foot facility will house administrative offices, two manufacturing firms and warehouse operations.

Roland Staib, chief executive officer of INIT, attributes much of the company's success in the North American market to its relationship with Chesapeake. "The partnership we have with Chesapeake has been an invaluable resource for us as our company has evolved over the years," he stated. "Chesapeake's Economic Development Department played a vital role in helping us launch our US subsidiary and remains a key contact for the company's business decisions to this day."



MORE THAN **50**
INTERNATIONAL
COMPANIES CALL
CHESAPEAKE HOME



A DIVERSE BUSINESS ECONOMY
REPRESENTED BY
18 DIFFERENT
NATIONS



SPOTLIGHT

BECKER HYDRAULICS ESTABLISHES U.S. SUBSIDIARY IN CHESAPEAKE

- Becker Hydraulics, a German-based manufacturer, selected Chesapeake as its North American headquarters in 2007.
- Now formally called Becker Hydraulics USA, Inc., the company has succeeded in establishing its first U.S. manufacturing production complex, also in Chesapeake.
- The corporation recently launched international manufacturing operations out of its Cavalier Commerce Park site.



COMMITTED

CHESAPEAKE'S SMALL BUSINESS COMMUNITY CONTINUES TO BE A MODEL FOR SUCCESS

Small businesses account for many of Chesapeake's most significant success stories. This is due to the city's commitment to helping smaller companies achieve their business goals by investing quality resources that contribute to the firms' development and subsequent longevity. In turn, these small businesses pledge strategic investments, generate new employment opportunities and sustain growth, all while making substantial improvements within the Chesapeake community.

Taylor Made Diagnostics, Inc. represents one of Chesapeake's many small business ventures that has achieved national acclaim. The South Norfolk-based company was named Chesapeake Economic Development Authority's 2015 Business of the Year for its operation of an occupational health clinic and mobile medical teams. This operation has assisted more than 1,700 federal, state and local employers throughout the country. Founded by Caroline Taylor, a registered nurse, Taylor Made was the first business to purchase space in the Gateway at SoNo complex, and has since grown to 19 employees.

"We are pleased to recognize small businesses such as Taylor Made Diagnostics for their roles in driving our economy forward with sustained employment levels, new investments and job creation in the Commonwealth, region and city," said Steven C. Wright, director of the Chesapeake Economic Development Department. "We are proud that so many successful small companies call Chesapeake home and contribute to a quality of life that benefits all of our citizens."

With a national presence and impressive network of more than 1,000 business clients, Taylor Made continues to prove it's focused on providing the most innovative services in the industry. The company, which celebrated its 20th anniversary in 2015, has developed a one-stop shop health clinic that can attend to a patient's medical needs in just 30 minutes.

Taylor Made's focus extends beyond its own business, however. "Being a good community partner is also one of our company's core principles," said company president Caroline Taylor, noting that the organization supports local charities such as the American Cancer Society's Relay for Life and HER (Help and Emergency Response) Women's Shelter. "As someone who lives and works in Chesapeake, I want to share the success of my efforts by giving back to what really matters — the community."



MINORITY & WOMEN-OWNED
BUSINESSES MADE UP

33%

OF SMALL BUSINESS
ANNOUNCEMENTS



SPOTLIGHT

CHESAPEAKE LAUNCHES "READY, SET, GROW" SMALL BUSINESS PROGRAM

- In 2015, the Chesapeake Economic Development Department introduced Ready, Set, GROW, a program designed to help small businesses succeed in the global, multi-cultural business market.
- Ready, Set, GROW provides technical, financial and educational resources to companies seeking to secure government and commercial contracts.
- The program is led by Chesapeake's Small Business Manager, Angela Barber, who is the recipient of the 2014 Small Business Administration's Women in Business Champion of the Year Award.



OPPORTUNITY

CITY OF CHESAPEAKE THRIVES WITH LUCRATIVE BUSINESS ENDEAVORS AND EXPANSIONS

Chesapeake enjoyed success across multiple sectors in 2015, from new groundbreakings in health care to significant expansions in manufacturing. With several of these developments slated for 2016 and beyond, Chesapeake continues to provide innovative opportunities for many business ventures.

Sports Medicine and Orthopaedic Center Inc. (SMOC) has provided orthopaedic services to southeastern Virginia for more than 25 years, and recently announced the development of its new Chesapeake office opening in 2016. The facility encompasses 24,000 square feet and will accommodate orthopaedic, spine, pain management and physical therapy practices. "SMOC health care providers, administrative support staff and senior leaders are excited to offer all of our services under one roof in Chesapeake," said Todd Rauchenberger, administrator at SMOC. "This is a state-of-the-art building that will give our staff the ability to deliver convenient, timely, efficient and high quality health care services for all Chesapeake citizens in a 'one-stop shop environment.'"

Another development underway in Chesapeake is the expansion of Sonny Merryman Inc., Virginia's leading school, transit and commercial buses dealer. The company extended its presence in Hampton Roads to include a \$5 million, 37,000-square-foot bus service facility located in Chesapeake's Cavalier Industrial Park. The project's completion in 2016 coincides with Sonny Merryman's 50th anniversary year, and demonstrates the company's continued commitment to providing quality transportation equipment in the Hampton Roads region.

Oceaneering International Inc.'s Marine Services Division officially opened the doors to its new 150,000-square-foot complex positioned in Chesapeake's Greenbrier North Commerce Park. The company consolidated its engineering, manufacturing and administrative functions into one building, investing \$33 million. The completed project represents a significant development not only for Oceaneering International, but also for Chesapeake, as it saved 460 existing jobs and created 70 new jobs.



← →
BUSINESSES LEASED
1.3 MILLION
SQUARE FEET OF
INDUSTRIAL/FLEX SPACE
↕
A 14.3% INCREASE FROM 2014

→
VACANCY
←
RATES DOWN IN 2015:
OFFICE: 7.7% VACANCY
INDUSTRIAL: 5.0% VACANCY
RETAIL: 5.1% VACANCY



SPOTLIGHT

HOFFMAN BEVERAGE EXPANDS OPERATIONS IN CHESAPEAKE

- Hoffman Beverage – the largest distributor of craft beer in Hampton Roads – was one of Chesapeake's top investors in 2015, committing a total of \$18.6 million and creating 148 new jobs.
- The company currently operates a warehouse in Chesapeake, and is increasing its industrial space to include a 195,000 square-foot building that will contain its warehouse facilities.
- "We chose to expand our existing Chesapeake facility because it is centrally located in our distribution footprint and many of our current employees are residents of the city," stated Katherine Hines, vice chairman of Hoffman Beverage.





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