

City of Chesapeake, Virginia

Comprehensive Strategic
Economic Development Plan

May 2017



Bringing you "The Leading EDge"



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City of Chesapeake Comprehensive Strategic Economic Development Plan

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Executive Summary

Chesapeake, Virginia is a vibrant city with a dynamic business community which continues to invest in their growing operations. In fact, over the past two years, Chesapeake has been successful in new job attraction, existing job retention, and securing capital investments well into nine figures by new and existing companies. Chesapeake is located in a very competitive region, but has been very successful in its pursuit of jobs and investment.

The organization that manages Chesapeake's economic development efforts, the Department of Economic Development (DED) is professional, aggressive, and has done good job promoting the city's assets. The Chesapeake Economic Development Authority (EDA) was formed in 1996 as an independent entity and partners with the DED to foster economic development in the city through the expansion of existing companies and the attraction of new operations. The DED manages and implements the overall economic development program and the EDA supports those functions through various means. This partnership has served the city well and their efforts have seen much success in the past. However, the leadership and senior staff of the organizations realized that the program was at a juncture of its existence where it needed a new strategy to guide it to the next level in economic development. Sanford Holshouser Economic Development Consulting, LLC (SHEDC) was engaged by the Economic Development Authority to develop that strategy, mapping the way to increased success for Chesapeake.

SHEDC was tasked with developing a Comprehensive Strategic Economic Development Plan (C-SEDP). Comprehensive is the key word in this effort as the organization was studied, analyzed, and assessed in an all-encompassing manner. The consulting team looked at all aspects of the operation which included its staffing, program of work, targeted industry sectors, funding marketing activities, product inventory, and how it leveraged their allies and partnerships.

To construct the C-SEDP, Sanford Holshouser, as it does in developing strategic plans for all their clients, follow the necessary steps to answer three fundamental questions: Where are we?, Where do we want to go?, and How do we get there? An advisory group of various stakeholders named the Chesapeake Comprehensive Corp (C³) was formed to provide input and guidance to the consulting team. The C³ included business, educational, community and governmental leaders, board members, and staff.

The plan is the result of data produced through research, analysis, and input from various sources, both internal and external. Recommendations were carefully considered and proffered, that are practical, actionable, with the intent purpose of elevating the efforts of the Department of Economic Development and, thereby, the City of Chesapeake. Data research and analysis included a thorough review of the:

- ⦿ DED organizational structure, including staffing
- ⦿ Economic development product-buildings and sites
- ⦿ Economic and demographic profile of the community

In addition, the organization was benchmarked with other economic development organizations in the region. Two competitor cities were identified, Greenville, SC and Charleston, SC, and were compared with Chesapeake in an Economic Development Scorecard. This step established ***"Where are we?"***

Input was gathered via a SWOT analysis from internal and external sources. SWOT data was solicited by various methods including Focus Groups, individual interviews, and an on-line survey. Focus Groups were organized in four categories, Urban, Suburban, Rural, and Commercial Real Estate in order to solicit input from those specific areas. Individuals who lived, or had interests in a particular category were invited to participate with those of common interests and experiences. In all, over 120 individuals provided input for the analysis. Chesapeake's identified target industry sectors were examined for validity and new sectors were identified that matched with its assets and abilities to attract and retain such companies. Potential economic development product was identified and analyzed, and options for control and development were listed and described. Data gathered here helped establish ***"Where do we want to go?"***

The data analyzed in the determination of where Chesapeake is, combined with the input and information gathered in deciding where the city wants to go, provided the basis on which the elements of ***"How do we get there?"*** were formed. This section of the plan contains recommendations in the various areas that the consulting team believes are necessary to strengthen the program and its position in economic development. Implementation/Action items, with estimated costs were created that will move Chesapeake's economic development efforts from where they are to where the consensus of participants want to go, taking that step to the next level. The implementation items are both short-term and long-term, and are too numerous and complicated to be accomplished in any one year. An annual plan of work should be created from the elements so that the appropriate resources may be focused on the items to ensure that the plan is effectively and efficiently implemented. A matrix of performance metrics was constructed so that progress can be monitored and adjustments made as may be necessary.

Chesapeake has had a great deal of success in the economic development arena in the past. The DED and EDA leadership and staff have been most forward thinking in their efforts to create this new strategic vision and plan. Their realization that 'if you are not moving forward, you are in a state of decline' serves the community well. This plan will enhance Chesapeake's current efforts and lead it to the next level of economic development.



Economic Development Organization Review

An economic development organization is the tool by which governments implement and achieve their growth, jobs, quality of life enhancements, and community investment goals. Success in public economic development lies squarely on the efforts of its economic development organization (department, authority, public/private partnership). The Chesapeake DED serves as the tool for economic development for the City of Chesapeake; being responsible for a wide spectrum of economic development activities including: business attraction, existing business retention-expansion (BRE), small business development, sites and building development, facilitating retail development and much more.

The DED was reviewed in the context of comparative organizational structures and functions; as well as in the context of general best practices and with two external regional organizations. Information, readily available in print, web or electronic format or provided by the DED was used to analyze the organization in each of the areas listed. Additionally, interviews (allies, economic developers) were conducted to gather opinion and perceptual input. Finally, two peer organizations located in South Carolina were chosen by the C3 for development of comparative data versus Chesapeake DED and interviews were conducted with the CEOs of those organizations for additional input and clarification of data gathered.

In the main, the DED is very positively perceived as a professional organization with talented staff to implement the economic development functions for the City. It is also well thought of by its peers.

Chesapeake has been very successful in the past in recruiting businesses, but must seize new opportunities for future success. This need for continued forward movement in recruiting new businesses is the most pressing challenge that the DED faces, and is the basis for all findings and recommendations in this report. A question must be answered: Does Chesapeake plateau at its current level or does it do those things that will forge a path to the next level? Even an organization held in high esteem and with a track record of past success such as the Chesapeake DED, simply need some key tweaks and increased funding to be able seize new opportunities for growth and development!

In order to evaluate the DED organization and effectiveness six areas were focused upon. These were:

1. Program of Work – What types of activities does the DED program consist of?

From the analysis, it was observed that the DED has a wide and varied program. However, in order to maximize future economic development impact, the organization should concentrate resources (human and financial) on three areas: Business Attraction (Attraction or Location), Business Retention and Expansion (BRE) and Foreign Direct Investment (FDI). The BRE program is very strong and requires little if no modifications other than to continue to leverage relationships with existing businesses for the other areas such as FDI and New Business Attraction. The levels of

new businesses recruited through Attraction to the area has decreased over the years of the study period. Part of this decline may be attributable to lack of “product” discussed later in this summary. However, increasing activities in the Attraction area is critical to develop future opportunities. Chesapeake is home to various foreign-based companies and Foreign Direct Investment (FDI) has, and will continue to be a key opportunity for the DED to pursue. With access to the Port and markets in the eastern half of the US, Chesapeake can expand on its success in attracting, expanding and retaining FDI businesses. However, when pursuing FDI opportunities overseas, Chesapeake should develop more direct FDI pursuits and reduce the reliance on co-marketing with partnering organizations such as VEDP or HR-EDA. Although an efficient means of utilization of marketing/promotional funds the Chesapeake brand is being subordinated to the State and regional brands. Chesapeake should begin to develop and implement its own direct activities in FDI where its brand and story is put front and center. Additionally, Chesapeake should develop and pursue a FDI supply chain strategy using existing relationships with regional based FDI companies to identify and attract companies within their supply chains internationally and domestically.

2. Organization and Staffing – How is the DED organized and is staff of sufficient quantity and quality to cover the program of work?

The DED is organized in a departmental model but is exploring re-organizing under a team model. A team model is better suited for the wide varieties of activities and issues that the DED faces on a daily basis, and the structure is more flexible and project oriented. As with any professional and successful organization, DED should continue to implement a skills inventory of staff. Each member of staff, regardless of the team they are in, possesses functional (e.g. developing surveys), analytical (e.g. spreadsheet or analysis software, etc.) and production (e.g. graphics, presentations, etc.) oriented skills that are of value to each operational team. Once an inventory of those skills is made, various staff members may move into, and out of teams as needed, lending their unique skills to the work of that team, producing more effective outputs.

Although sufficiently staffed with a good mix of positions of responsibility, the staffing levels have been flat for many years and need modification to reflect challenges in the City related to developing economic opportunities. It is suggested that the DED bring a Project Manager on board, either on staff or contracted consultant with experience and training in Foreign Direct Investment (FDI).

There are many areas of the City that need new infusion of economic activities as well as re-purposing or re-using both sites and buildings in those areas. DED should collaborate with the redevelopment department of the City to help ease the lack of product as well as help to foster small business development and growth.

3. Marketing/Promotion, Activities and Results – How is the City and its benefits as a business location communicated and promoted, what are the “successes” and how are they measured?

In general, the DED is doing many of the “right” things in promoting the City for economic development purposes. It has an attractive website with sufficient community data required to begin to tell the story and show the benefits of locating a business in the City. It has annual activities that are numerous but needs to bring a better balance between inward facing and outward facing activities. If the organization adopts strategies for stronger pursuits of FDI and new Business Attraction, then the numbers and types of outward facing (external) efforts will naturally increase and a better balance achieved.

There is a strong need for Chesapeake to develop branding that creates and demonstrates its uniqueness. From the SWOT analysis focus groups and numerous interviews (internal and external) one opportunity to capitalize on was development of a brand identity with uniqueness and distinction. This issue can and should be addressed in a focused branding development effort including a memorable and impactful tag line for the City.

It was also found that a much better method of categorizing and capturing activities needs to be implemented in record keeping to a) tie activities back to target sectors for balance; b) trace expenditures to efforts and to target sectors, c) to measure implementation and results of the program.

When comparing Chesapeake’s announcement results to other localities comprising the Hampton Roads region, it is clear that Chesapeake is ahead of others in the BRE area but not as prominent in the Business Attraction (located) area. This issue needs to be addressed in both product development and in marketing/promotional efforts. It is recommended that the DED implement efforts to increase FDI and Business Attraction efforts including conducting FDI trips alone to promote its brand as prime, develop an FDI supply chain pursuit and implement an annual FDI Supply Chain Summit/FAM Tour so that companies in the supply chain of an existing FDI business are selected each year to partner in showcasing Chesapeake as a great place to locate to serve its customer and to develop additional opportunities in the U.S. and Chesapeake.

4. Funding/Budget – Are there sufficient financial resources dedicated by the City to properly implement the ED function through the DED, and to ensure that new critical initiatives are funded?

In reviewing at the past eight (8) years of DED budgets, it is obvious that the levels of funding the organization are flat. In some years, the budget has not kept pace with inflationary increases in costs so in net, the buying power of the funds allocated to the DED has eroded. No organization can take bold steps required for future success without increasing funding support beyond the norm. It will be required, that in order to implement the efforts and activities suggested in this plan, especially more effort in direct FDI activities, additional funding must be added to the total budget (and personnel and general expenses components) based on the recommended activities adopted by the EDC, and, at a minimum, maintained through inflationary increases for

subsequent fiscal years. As an optional recommendation, the DED should consider implementing a small program targeting key local/regional partners that allows for private sector support; either as a contribution to the general DED budget or as financial partners in specific program activities; a good example being cost sharing for the aforementioned FDI Supply Chain Summit/FAM Tour. To significantly increase the DED budget it may wish to investigate special funds tied to tax and other revenue generated from projects it brings into the City (more discussion on this matter in a later section).

5. Partnerships/Allies – Who is the DED partnering with to generate leads and projects and are these relationships in proper balance?

In Virginia, economic development deals usually flow from the State to the Region and then to the Locality (unless generated by the locality without assistance from the State/Region). So, maintaining a good partnering relationship with these organizations is critical to the success of Chesapeake and its DED. The Hampton Roads Economic Development Alliance (HREDA) has stumbled as an organization in recent years but is on the road to recovering as a vibrant and contributory regional economic development organization. The Chesapeake DED has served as a leader in the region in helping the HREDA to get back on its feet and should continue to build on that role moving forward. Also, the Virginia Port Authority (VPA) and the DED have worked together in promoting the Port of Virginia as a vital asset to Chesapeake (and the region) and a huge benefit to companies seeking to locate in Virginia. As the importance of the Port grows post completion of the improvements to the Panama Canal, so should the working relationship and partnering between the VPA and the Chesapeake DED grow. However, as mentioned previously, the DED should be very careful about diluting its brand identity and messaging to either the State, Region or Port when conducting co-marketing/promotion activities.

As is discussed and acknowledge throughout the strategic plan report, economic development product (sites and buildings), especially “prospect ready” product is currently a challenge in Chesapeake and needs to be addressed. More and more, land for potential industrial sites is being used up in key localities within the region (e.g. Virginia Beach, Norfolk). Chesapeake has a role and a challenge ahead in the realm of product development; not only to develop new sites for its own economic development efforts, but also sites that can serve as the product resource for the rest of the region. The type of site development that needs to occur, for example the Williams Farm site, cannot be accomplished by Chesapeake alone. The City and the DED MUST partner and ally with the Commonwealth of Virginia, landowners, developers, other localities in the region, cross border entities, utilities providers and authorities, and many more. Chesapeake must begin to formalize these relationships around targeted sites to be developed. Each site should have a development plan which lays out the path to prospect readiness including identification of the key partners/allies who should participate and their roles in the process.

Financing of product development is key and putting together the right partnerships can help the City and the DED share the financial burden and not carry it on their own. Two new programs that require conscious partnering can help with financing product development: The Virginia Business Ready Sites and GoVirginia programs. The former program is in its infancy but demand for characterization grants for sites has been strong. The program provides a path to develop ready sites through five levels or tiers of development. Once in the program, the locality has access to development funds which can help it improve product to move up the chain of development from one tier to the next. It is anticipated that this program will have continued and increased funding after the initial two-year authorization. GoVirginia is a major private sector driven, publicly funded step toward “serious” development of sites/buildings (and other projects related to high growth, high wage job creation) across Virginia. Two key components of GoVirginia that will affect Chesapeake in partnering for success are: 1) Funding will be for collaborative projects within an assigned region (Chesapeake is preliminarily assigned to Region 5), between regions, between localities in different regions and through cross border partnerships.; 2) It is anticipated that GoVirginia, once fully implemented will provide \$35M of funding for product/project development per year, and those regional projects funded will also allow the participating entities to retain the State Income Tax generated by jobs created by the project; which might be reinvested in further product development.. Participating in these programs and proactively partnering with various entities will be one key to product development in Chesapeake, leading to increased business attraction and FDI success; and, perhaps to other productive collaborations not currently envisioned.

6. Benchmarking – How does the DED and ED efforts in Chesapeake “fit” and compare within the HREDA region and with successful programs outside of the region?

A discussion of comparative quantities, types and readiness of product compared to the rest of the region and to the two comparative areas outside of the region is provided in the Product Review section of this report. In the Organization Review, an analysis focused on the results of the DED/Chesapeake efforts as compared to others in the HREDA region. The main takeaways are that Chesapeake is generally in a less favorable comparative position in announcements and resultant job creation and investment; more so with other peer localities in the region; Norfolk, Virginia Beach, Portsmouth, Suffolk and Hampton. If announcements for the region (using VEDP announcement data) are reviewed for the past three years, and if those announcements are equalized among the localities (11) of the region, each locality would account for 9% of the total announcements. This figure is a benchmark for measurement purposes and not a concrete calculation. However, using this benchmark it was determined that Chesapeake is underperforming (7.5%) overall within the region. The picture is even more dramatic when there is a breakdown of Business Attraction announcements (1%) and BRE announcements (11.1%). The analysis reinforces the observations and recommendations in this report that the need for prospect ready product and a laser focus on attraction promotion, and an un-diluted branding can have major impact in reversing this trend and bringing a better balance to new vs. existing business economic development success.

Two localities and their economic development programs were selected by the DED as a focus for comparative analysis. The two localities were Greenville County, SC and Charleston County, SC. Extensive online data gathering and analysis for all three localities was conducted and included in a data table for comparison. Additionally, interviews with the senior executives of each of the South Carolina localities were conducted to clarify and correct data gathered and to gain insight into what makes these two programs/localities successful in developing and securing economic opportunities for their respective locales.

From the analysis of comparative data, the locations and organizations are very similar in general. The average number of economic development staff is 8.5, with Charleston having 10, Chesapeake having 9, and Greenville with 7. The target market sectors don't overlap a great deal so each of the three is going after sectors generally not targeted by the other two. In regard to available product, each has similar challenges with the main differences being that the two SC localities have strong ties and working relationships with specific developers and real estate companies and have formed creative ways to finance development and to leverage these relationships to create product that is ready for prospect demands. A commonality is that they all wrestle with the idea of having a "shell" or "spec" building as a mechanism for attraction.

The greatest differences are in population, total budget for the economic development program, program focus, the number of announcements, and types of announcements (Business Attraction vs. Business Expansion/Retention). The population size of Chesapeake (approximately 40% less than the average of the two SC localities) and the available workforce is much lower for Chesapeake, but the population of Chesapeake has higher levels of educational (High School Diplomas and Bachelor's Degree) attainment than the two comparative SC localities. Charleston's budget for economic development is over twice that of Chesapeake and Greenville. Charleston County has been able to achieve this level of budget (thus supporting 10 full time staff and a robust program) through moving its funding source from the county's general fund to a created economic development fund that creates income from a portion of taxes created by projects that have been incentivized by the county. One recommendation is that Chesapeake DED further investigates this funding model and considers adopting a similar model. The programs of the two SC localities are "laser focused" on BRE and Business Attraction. They do not do anything with retail or tourism, and only Charleston County gets involved with small business development, and only as a resource referral source. Chesapeake should work towards a similar focus of time, talent and treasure on those two areas that provide the greatest return to the City; New Business Attraction and BRE. The announcements over the last full reporting year are significantly greater than those of Chesapeake. In regard to type of announcements, Chesapeake (as has been previously discussed) is "top heavy" with BRE announcements, whereas both Greenville County and Charleston County are the direct opposite with announcements of jobs created and investments made by New Business Attractions are higher than the same for BRE.

During the interviews with the two senior managers for the two SC organizations several common threads were identified which the DED should explore further, and possibly adapt or adopt going forward:

- Both have been very creative in how they develop product
- Both have focused on developing semi-formal/formal relationships with a few high-level developers and real estate firms in order to create partnerships in development of sites and buildings
- Both recognize the importance and value that the State of SC (Department of Commerce) brings to their efforts. The State is a key partner in any prospect and project.
- Both recognize that the Port of Charleston as a key partner in economic development promotion, both as a tangible asset, as an infrastructure provider and a marketing source of leads for Attraction and BRE; even in Greenville which is not on the coast or near the deep-water port.
- Both pursue FDI as providing premier prospects and projects for their localities
- Both have developed creative funding mechanisms for their organizations.



Product Assessment

Economic development product is defined as available sites and buildings that can meet the needs of a company that is seeking a new location. For Chesapeake to attract the types and quality companies that it desires to have locate in its corporate limits, it is essential that it have an adequate inventory of sites and buildings. It has often been said that “you can’t sell out of an empty wagon,” so it follows that as a part of the development of this comprehensive plan that an honest and candid assessment of the state of Chesapeake’s “wagon” be undertaken. Chesapeake’s product is also analyzed in terms of its target sectors, and compared with those of the other communities in the region and its identified competitive communities.

The Economic Development Office provided a listing of all available buildings and sites in Chesapeake for analysis. According to the staff, the office does not maintain a separate internal listing of properties and relies solely on CoStar, a commercial real estate information and marketing provider, when responding to a request for proposal or request for information on a certain type and size property for a prospect. Externally, the EDO does not routinely list available properties on VirginiaScan (operated and maintained by the Virginia Economic Development Partnership) the other product marketing tool available to them, unless requested to do so by brokers or property owners. Further there is little to no correlation among the different sources of information on Chesapeake’s available product, which could lead to confusion and raise serious questions as to the validity of any of the sources.

In our opinion this raises several issues. Since CoStar can change daily, and with no notification to the EDO, the staff cannot say definitively from one day to the next what sites or buildings are available. They have no way of knowing if they can respond to any request for proposal at any given time. This passive approach to product inventory management puts the ability to respond to a potential client, and therefore the organizations destiny, squarely in someone else’s hands. We firmly believe that there is a better way. The office can still utilize CoStar, but as an augmentation to an inventory of economic development product that it maintains internally, that the staff knows without a shadow of a doubt that are available, whether it is for sale or lease, the price, and all other aspects of the property. This inventory should be listed and highlighted on the Chesapeake EDO website and listed on VirginiaScan.

The economic development product inventory of any area changes constantly. Therefore, the list of available properties provided for analysis and assessment of the city’s competitiveness within the region and with its identified rival communities is a snapshot of available properties at the time the information was generated. Likewise, the properties from the comparison communities are also what were in their product inventories at that point in time. We compared Chesapeake’s product with that of its sister communities within the region and with the communities with which it routinely competes for projects, utilizing data obtained from a web search.

Chesapeake’s listings show 10 available industrial buildings over 5,000 square feet, and 14 sites larger than five acres; respective sizes that our experience has shown to be minimums for industrial purposes. The buildings range from 130,000 sq. ft. down to 5,836 sq. ft. Seven out of

ten are 25,000 sq. ft. or less, and there is only one larger than 100,000 sq. ft. Available sites in the inventory total 38, however 24 of those are less than five acres, a size our experience has shown to be a minimum for an industrial site. Of the remaining 14 only seven are above 20 acres, with the largest being only 78 acres.

Comparing Chesapeake to others in the region further highlights the deficit position it finds itself in. The comparisons use the above stated minimums of five acres for a site and 5,000 square feet for an industrial building.

Virginia Beach doesn't have as many sites as Chesapeake, but does have a site that is 96 acres. In the industrial buildings category Virginia Beach far surpasses Chesapeake with a total of 33, with the largest being 614,536 sq. ft. and six that are more than 100,000 sq. ft. It also boasts 103 office buildings with available space.

Norfolk has four sites listed, the largest being 27 acres, and 32 industrial buildings with available space, four of which are in excess of 100,000 sq. ft. However, the majority, 25 of 32 are 50,000 sq. ft. and smaller. There are 37 office buildings in Norfolk's inventory.

Portsmouth listed 39 sites in their inventory, but of that number only four were larger than five acres, with the largest being 44 acres. Although there were 27 industrial facilities listed, the majority were 25,000 square feet or less. The largest building listed was 200,000 square feet.

Hampton's stock includes nine sites, 13 industrial buildings, and 59 office buildings. The largest tract is 95 acres and the largest facility is 35,000 sq. ft.

The largest of Newport News' four sites was 43 acres. It does list a good number, 20, of available industrial buildings in its inventory with the largest being a 300,000-sq. ft. cold storage warehouse. It also has three listed between 50,000 and 115,000 sq. ft. The office building inventory totaled 21.

Suffolk appears to have the most impressive product inventory in the region. Its listing of 34 sites includes five larger than 200 acres with two of those being 300 each. Suffolk's industrial building inventory boasts three between 100,000 and 200,000 sq. ft., and four between 286,000 and 591,320 sq. ft. Rounding out their inventory Suffolk listed 18 office buildings.

Isle of Wight has several large properties in its inventory (13) which includes tracts of 985, 875, 406, and 307 acres. Many of these are rail served, which is a plus for large sites. Its available industrial buildings list is small, six, with the largest being 118,000 sq. ft. and falling off from that to five between 11,200 and 7,000 sq. ft. Isle of Wight's office building inventory is also small with a total of nine facilities listed

Poquoson only has two sites listed that are greater than five acres and no industrial or office buildings.

Franklin-Southampton also has a very impressive product inventory with a total of 14 sites. Two are above 400 acres, one of 150 acres, one of 131 acres, five between 50 and 100 acres, and the rest 35 acres or less. Franklin-Southampton's industrial building stock included eight greater than 5,000 sq. ft. with the largest actual structure being 138,000 sq. ft. They also listed a virtual building that is 178,000 sq. ft. expandable to 352,000. In comparison with their other product, the office building inventory was surprising small with a total of three listed.

Chesapeake's industrial product inventory puts it somewhere in the middle of all those in the Hampton Roads Economic Development Alliance. Describing Chesapeake's inventory as being somewhere in the middle is not a mathematical assessment but rather it signifies that there are some communities that have a larger number and better quality product, and some whose inventory is not as good as the city's. It has a limited number of good sites, but nothing of size, and the small number does not provide an adequate range for site selection consultants or industry officials who are searching for a property for an active project. Likewise, the building inventory is not adequate to provide the variety of sizes that ensure that the City is in a competitive position. Considering Chesapeake's stock on its own merits clearly shows it is lacking. But when viewed through the comparative analysis of the region, it really underscores the need for additional product.

When compared to its competitor cities of Greenville and Charleston, again Chesapeake finds itself in a position where it has some properties that match with those of the other communities, and in other areas, the deficit is striking.

However, and this cannot be over emphasized, it is not enough in economic development to be in the middle, or adequate. If an area, an organization desires to move to that next level in terms of attracting capital investment and jobs, then it must stand out among the crowd. You do not do that by having an adequate product inventory, it must be first rate, and Chesapeake can achieve that. Further, the method in which the organization maintains and tracks its economic development product inventory needs to be carefully examined and changed in order that it has more proactive control over what it has to offer.

When analyzed in terms of industry sectors, both those that have been targeted previously and those identified during the formation of this report, Chesapeake's position is again somewhere in the middle. There are a fair number of building and site options for Logistics and Supply Chain Management, Defense and Securities Technologies, Advanced Manufacturing, and Healthcare Technologies and Services. Further, for those companies that are better served by office space, such as Knowledge Services, and certain aspects of Healthcare Services, Advanced Manufacturing, and others, Chesapeake ranks second only to Virginia Beach in the number of buildings with available office space. So, from a pure numbers aspect Chesapeake has product to offer any prospect in any of its target sectors. But numbers alone can be deceiving and give a false sense of security. In the area of available office space, we believe that Chesapeake has a more than adequate product inventory. However, its industrial sites and buildings stock needs enhancements and not just in terms of raw numbers, but larger, higher quality sites that offer a wide variety of lot sizes, and a better selection of buildings with the attributes desired by companies in the targeted sectors.

As noted above, later in the plan there are a number of recommended properties that have been identified as having potential as industrial sites that, if developed, should handle the demand in that area for well into the foreseeable future. Moreover, one in particular has the potential to be a transformational property, that is, it has the potential to attract a company whose location could have a transformational impact on the entire local, and even regional economy. Recommendations on product needs, various methods of securing the properties, suggested development steps, potential partners, and how the product inventory should be maintained are discussed in a later section.



Economic and Demographic Profile

City of Chesapeake
Virginia

May 2017

Population

According to the 2010 U.S. Census, Chesapeake had a population of 222,209, representing a 1.1% annual growth from the 2000 U.S. Census population of 199,184. The 2010 data also indicated that Chesapeake ranked 6th in population of counties/independent cities in the State of Virginia.

Estimated/Projected Growth

According the datasets utilized by SHEDC, it is estimated that the population of Chesapeake, at the end of 2016, was 240,740 which represents an annual growth rate of 1.29%. This rate is higher than that of the State of VA and the US. It is projected that from 2016 to 2021, Chesapeake will experience an even faster annual growth rate of 1.4%, arriving at a population of 258,067 in 2021.

* Diversity Index

Tracking the diversity of our society is crucial to understanding the shifting demographics of race and ethnicity in the United States. ESRI's Diversity Index captures the racial and ethnic diversity of a geographic area in a single number, 0 to 100. The Diversity Index allows for efficient analysis and mapping of seven race groups that can be either of Hispanic or non-Hispanic origin—a total of 14 separate race/ethnic groupings.

Annual Population Growth, Estimates, and Projections

	2000	AGR	2010	AGR	2016	AGR	2021
<i>Chesapeake</i>	199,184	1.1%	222,209	1.29%	240,740	1.4%	258,067
<i>State of VA</i>		1.23%		.90%		.97%	
<i>United States</i>		.93%		.75%		.84%	

2016 Population Percentages by Sex

	Male	Female
<i>Chesapeake</i>	48.8	51.2
<i>State of VA</i>	49.2	50.8
<i>United States</i>	49.3	50.7

2016 Population Percentage of Veterans

<i>Chesapeake</i>	15.9
<i>State of VA</i>	11.6
<i>United States</i>	8.7

2016 Population Percentages by Race and Ethnicity

	<i>Chesapeake</i>	<i>State of VA</i>	<i>United States</i>
<i>White Alone</i>	61.0	66.6	70.5
<i>Black Alone</i>	29.4	19.2	12.8
<i>American Indian Alone</i>	.4	.4	1.0
<i>Asian Alone</i>	3.6	6.5	5.5
<i>Pacific Islander Alone</i>	.1	.1	.2
<i>Some Other Race Alone</i>	1.7	3.7	6.8
<i>Two or More Races</i>	3.9	3.5	3.3
<i>Hispanic Alone (Any Race)</i>	6.0	9.4	17.9
<i>*Diversity Index</i>	59.2	59.8	63.5

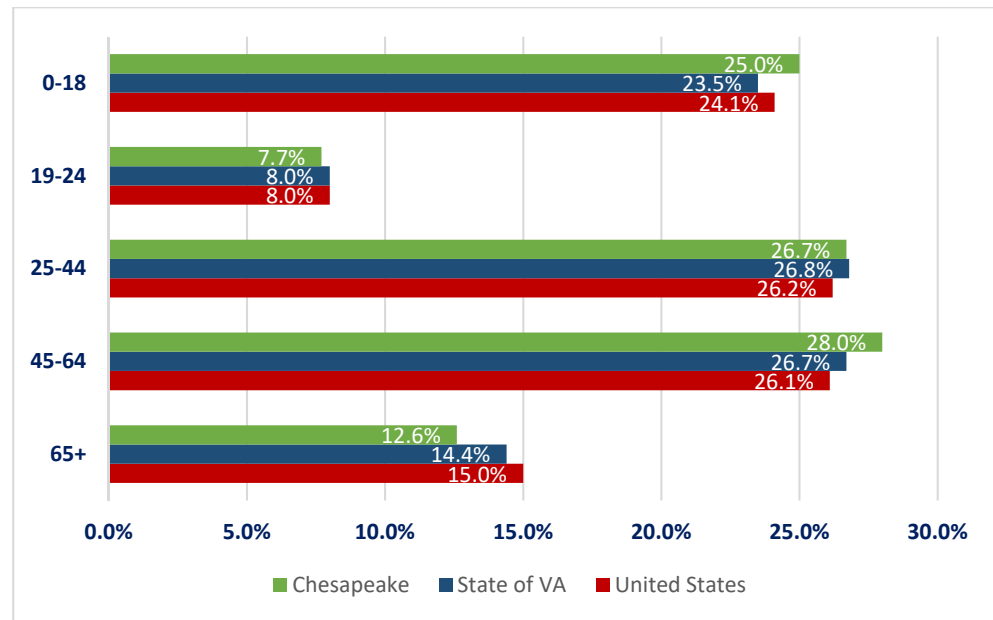
Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.



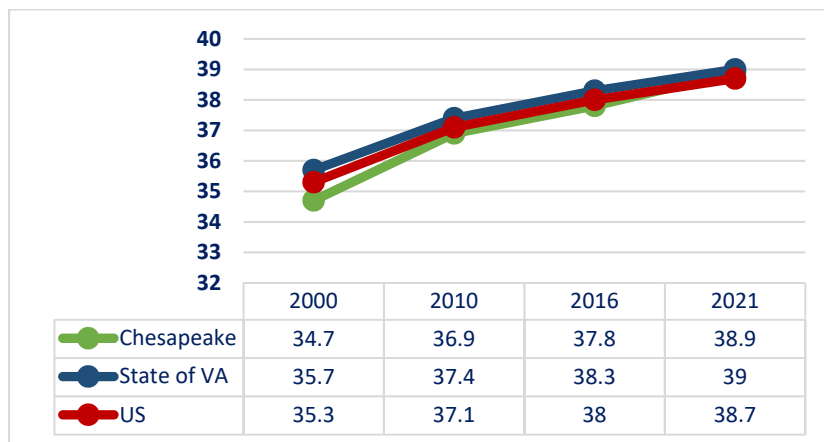
Population by Age Cohort

In the 2016 population age cohorts, there are two segments with more than a 1% difference between Chesapeake, the State of VA, and the US to note. The first segment to address is the 45-64 sector with a 1.9% difference, and the 65+ sector with a -2.4% difference with the United States percentages. These areas will be addressed on the following page.

2016 Age Cohort Percentages



Median Age Trends



2016 Median Age

Chesapeake	37.8
State of VA	38.3
United States	38.0

The median age has been on the rise since 1980, with a median age of 30. It is expected to continue rising over the next several years, as the life expectancy continues to increase, the baby boomers age, and the US fertility rates continue to decline.

Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021. American Fact Finder, Census 2000 Summary File 1.



Population Change by Age Cohort in Percentages

	2016	2021	Net Change
	240,740	258,067	17,327
0-4	6.0	5.9	(0.1)
5-9	6.5	6.0	(0.5)
10-14	7.0	6.7	(0.3)
15-19	6.8	6.3	(0.5)
20-24	6.4	5.5	(0.9)
25-29	7.0	6.6	(0.4)
30-34	6.8	7.4	0.6
35-39	6.4	7.1	0.7
40-44	6.5	6.5	0.0
45-49	7.0	6.3	(0.7)
50-54	7.8	6.7	(1.1)
55-59	7.4	7.2	(0.2)
60-64	5.8	6.6	0.8
65-69	4.6	5.3	0.7
70-74	3.2	4.1	0.9
75-79	2.1	2.7	0.6
80-84	1.4	1.6	0.2
85+	1.3	1.5	0.2

With an increasing elderly population, the demand for age-related services and infrastructure increase as well. There will be an increase in demand for nursing homes and assisted living facilities, as well as healthcare providers and in-home healthcare providers. It is also quite possible that there will be an additional need for public transportation. Chesapeake would benefit from focusing on the existing and future demands of this population segment during its planning process.

Population Change by Age Cohort

As previously noted in this analysis, there are two cohorts that show more than a 1% difference than the VA or United States percentages.

The first segment is the 45-64 cohort. While we can't give a definite explanation as to the above average difference, one could generally assume that a major contributing factor is that Chesapeake provides a quality of life that attracts this age group. Good, stable jobs with higher wages, quality educational facilities, safe neighborhoods, and affordable, newer housing, among other things, all play a factor in locating and maintaining citizens of this age group. Families with middle to high school age children are less likely to relocate, as well as citizens approaching the retirement age are more "settled" and have more of a familial connection with Chesapeake.

The second segment is the 65+ age cohort. According to the CDC's National Center for Health Statistics, since 1957, which had a fertility rate of 122.7 (122.7 live births for every 1,000 persons), the United States fertility rate has been in decline. In fact, figures for the 3rd Qtr. Of 2016 show the US fertility rate as 62.2, a record low since the inception of keeping fertility rate records in 1909. This decline has caught the attention of economic forecasters, and while the rates are currently alarming, the good news is that they believe the decline will level off and begin to rise as the economy improves from its latest setback during the Great Recession.

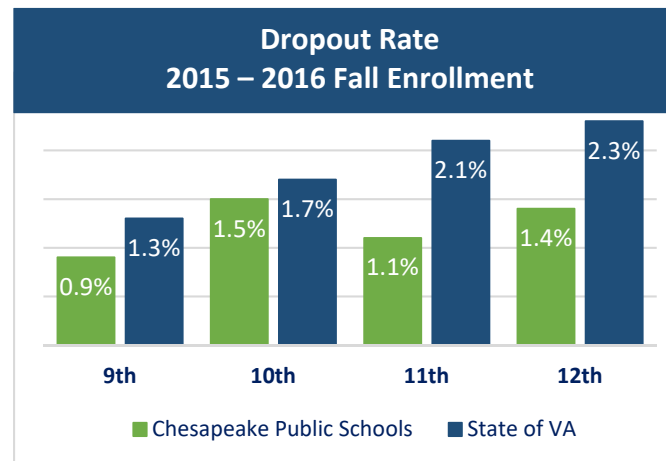
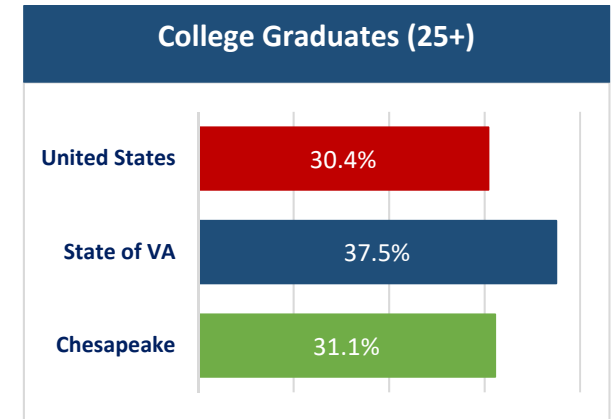
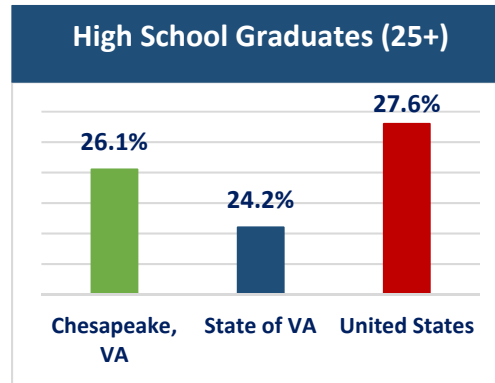


Education

Education

All the research performed for the education portion of this profile has shown that the Chesapeake Public School System is an invaluable asset to the city and has a positive impact on their recruitment efforts. According to the Virginia Department of Education, the CPS has a 93.4% 4-Year On-Time Graduation Rate, and their dropout rates are significantly lower than those of the state.

Chesapeake's percentage of high school graduates is higher than the state's, but the concentration of college graduates in Chesapeake is lower than the state as a whole.



Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016.
Virginia Department of Education, 2015-2016 Fall Enrollment Statistics



Households

There are four pillars to economy: residential, retail, commercial and industrial. There is a symbiotic relationship among the four pillars, with each playing a vital role in a community's economy.

Annual Household Growth

Chesapeake's household figures (shown in the first chart) indicate a growing trend in the number of households. In fact, it is estimated to be growing at a significantly faster rate than the state and the US.

Percentage of Householders by Age

In the second chart, you can see there is a substantial increase in the number of householders age 55 and over. This trend also matches that of the population by age cohort, previously shown in this analysis. This aging householder trend is not only evidenced in Chesapeake, but is a national trend as well.

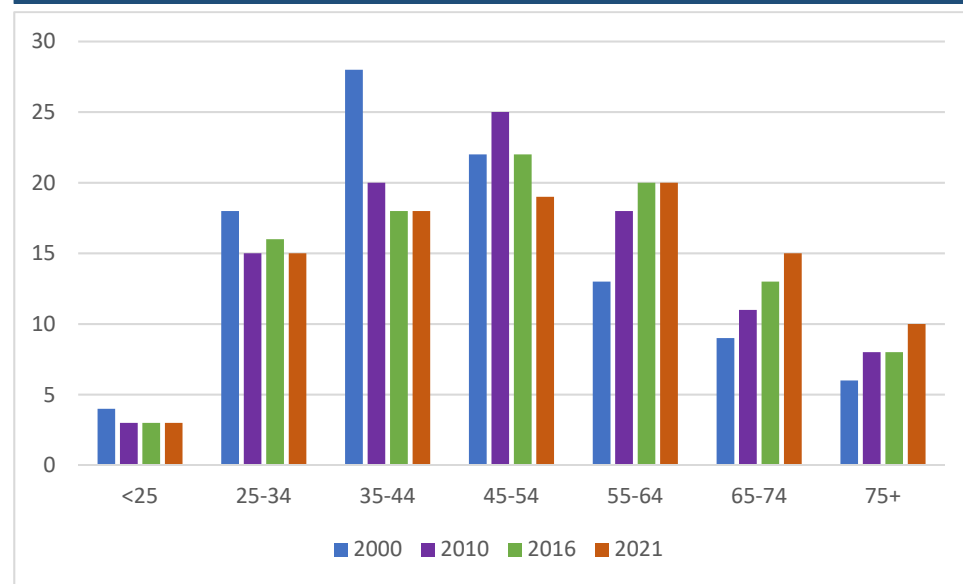
One other national trend to note is the percentages of householders in the <25 through the 35-44 age groups are in significant decline.

Demographic researchers have determined that Millennials (those born between 1982 and 2004) are waiting to an older age to establish a household. Many are still living with (or moved back in with) their parents, due to the Great Recession.

Annual Household Growth, Estimates, and Projections

	2010	AGR	2016	AGR	2021
<i>Chesapeake</i>	79,574	1.18%	85,640	1.37%	91,674
<i>State of VA</i>		.84%		.93%	
<i>United States</i>		.68%		.79%	

Percentage of Householders by Age



Percentage of Householders by Age (cont.)

And while the economy is bouncing back, they are still not financially stable enough, or are too fearful of our still-recovering economy, to establish their own households. There is a hopeful prediction that as the economy continues to rebound and becomes more secure, that this demographic trend will correct itself.

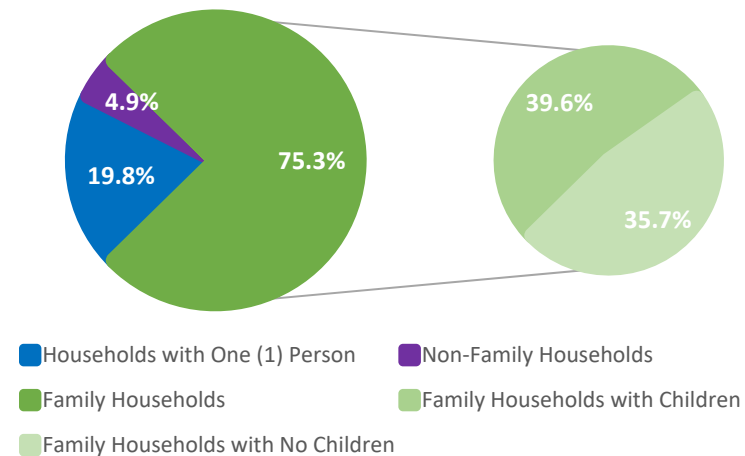
2010 Households by Type

As the 2016 Households by Type demographic data is not available, we had to go back to the U.S. Census for 2010.

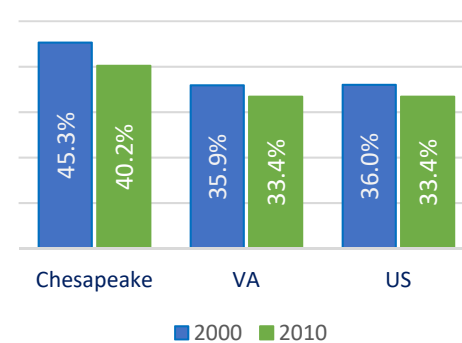
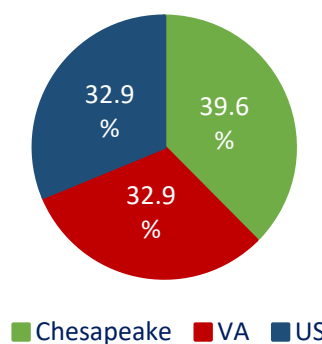
As you will see, in the first chart, the majority of Chesapeake's households are occupied by families (75.3%), with 19.8% living alone, and 4.9% cohabitating with one or more unrelated persons. In comparison, the state has 67.0% and the United States has only 66.4% family households (*not shown*).

As noted above, Chesapeake has a higher concentration of Family Households, so it is true with its Family Households with Children and All Households with Children. Although in decline, Chesapeake still maintains a higher percentage in the number of All Households with Children than that of the state and of the United States. This is an economic benefit to the city as studies have shown that families with children spend the most in the local economy.

2010 Households by Type by Percentages



2010 Family Households with Children All Households with Children



Housing

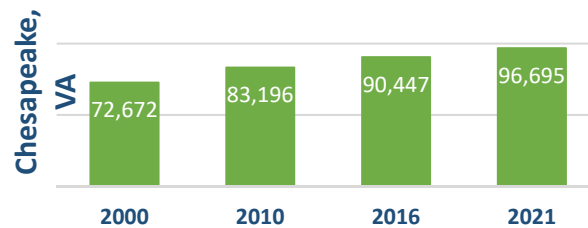
Housing Units Growth

While the US new homes sales market is starting to rise, the market has experienced a decline since the Great Recession. Chesapeake, however, is and is expected to continue to experience a steady growth. In the second chart (Housing Units, Annual Growth Rates by Percentages), you can see that from 2000 to 2010, the AGR for Chesapeake was 1.2%. Based on data obtained by Esri, compiled with their forecasting models, it is projected that the city will continue to see growth in new home sales, while the State of Virginia and the United States will suffer a decline in their growth rates during the 10-yr period of 2010-2020.

Status and Tenure

There is a national trend in the status and tenure of housing units that the number of renter occupied units is rising. Chesapeake is also following that trend, as is outlined in the third chart. Data has shown a significant increase in home sales to “landlords”, and the demand for rental units has increased as well.

Housing Units, Estimates, and Projections

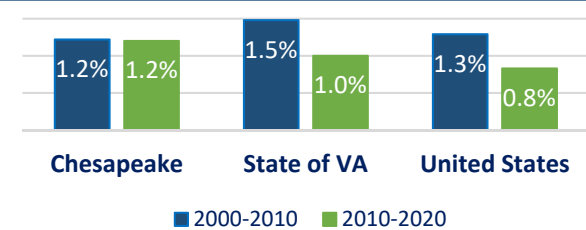


Forecasters predict that in 2021 there will be over 96,000 housing units in Chesapeake.

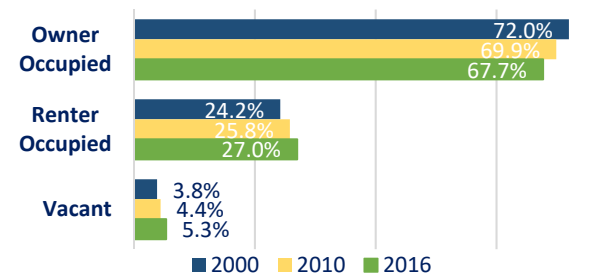
Last year, 37 percent of homes sold were acquired by buyers who didn't live in them, according to tax-assessment data compiled in a new report

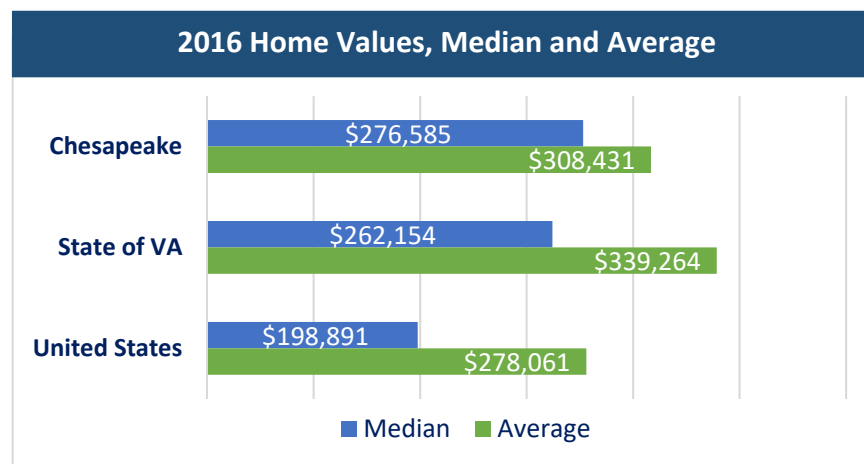
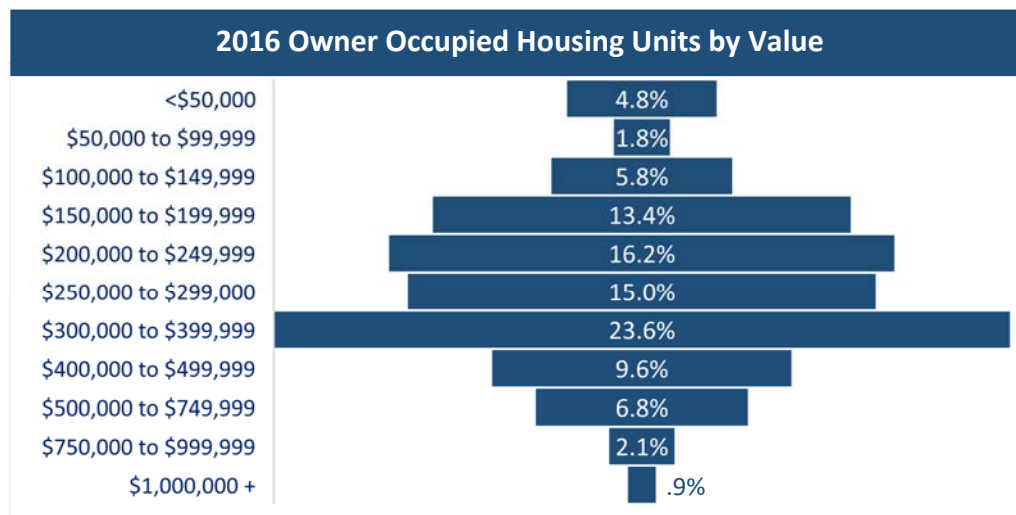
<http://www.realtytrac.com/news/company-news/analyzing-the-who-behind-recent-real-estate-boom/> published by Attom Data Solutions and ClearCapital.com Inc.

Housing Units, Annual Growth Rates by Percentages



Housing Units by Status and Tenure





Home Values

Chesapeake's largest home value sector is the \$300,000 to \$399,000, as it is with the state, while the largest sector for the United States is \$100,000 to \$149,000.

Median Home Values

As shown in the second chart, Chesapeake's median home value for 2016 is \$276,585, higher than the state and the United States.

Average Home Values

Chesapeake's average home value \$308,431; lower than that of the state at \$339,264, but still significantly higher than that of the United States, at \$278,061.

Mortgage Status

Data from the 2010 Census indicates that Chesapeake has a higher percentage of homeowners carrying a mortgage or loan, than the numbers for the state or the US.

2010 Mort. Status	Mort./Loan	Free & Clear
Chesapeake	83.5%	16.5%
State of VA	74.7%	25.3%
United States	69.7%	30.3%

Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.
American Fact Finder, Census 2000 Summary File 1.



Income

Household Incomes

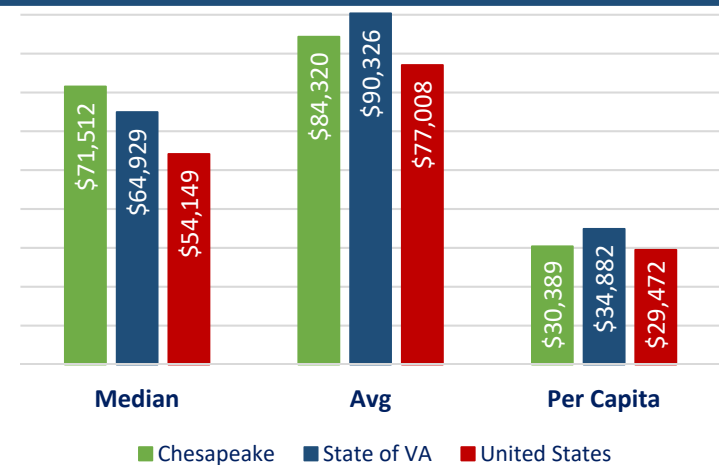
Comparing the Household Incomes for 2016 (first chart), one can infer from looking at the data in the median income category, that the residents of Chesapeake enjoy a higher quality of life than do most residents of the state and the US. While the state is higher in the average household and per capita incomes, the city is not far behind, and is still outranking the US.

Households Above and Below the Median Income Sector

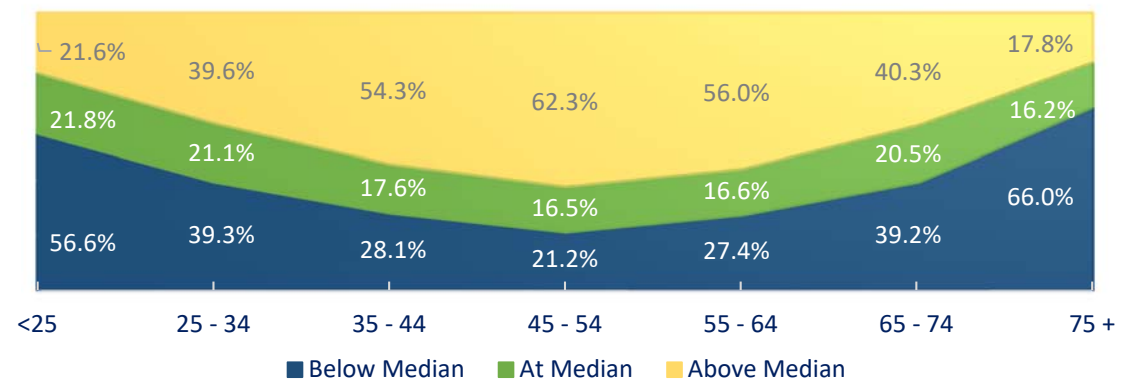
In the second chart, you can see that Chesapeake's highest income earning age cohort is the 45 – 54, with 62.3% of the households with an annual income higher than the median. In comparison, the 75+ age cohort has 66.0% earning below the median.

A
community's
median
household
income is an
indicator of
the quality
of life of its
residents.

2016 Median and Average Household Income, and Per Capita Income



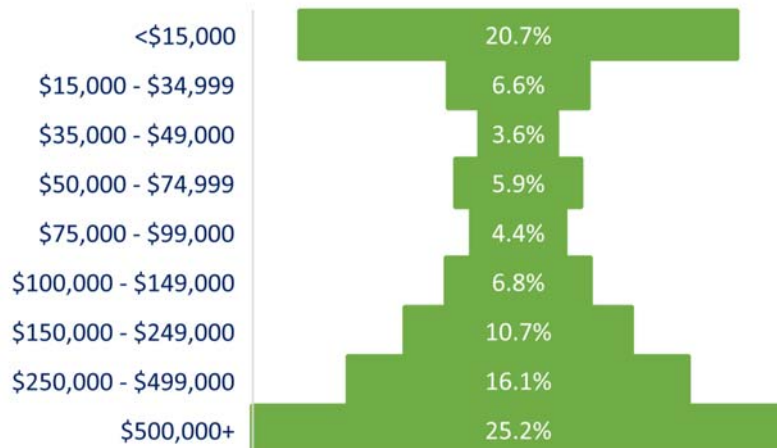
2016 Households by Income Range by Age Cohort



Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.



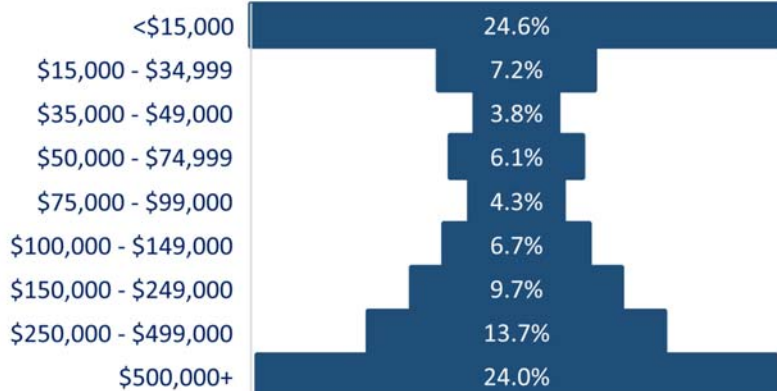
2016 Net Worth Profile - Chesapeake



Net Worth Profiles

Chesapeake's 2016 net worth profile is outlined in the first chart. The city's profile basically mirrors that of the state, with only a few percentage point differences. One noticeable finding is that over one-quarter of Chesapeake's households have a net worth of \$500,000 and over. This is significant, as the United States' profile shows that less than one-fifth of the US households have a high net worth. Another noteworthy finding is that approximately one – fifth of Chesapeake's households has a net worth of \$15,000 or less, in comparison to the US, which has one-third.

2016 Net Worth - State of VA



2016 Net Worth - United States



Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.



Labor Force

Unemployment

Chesapeake's unemployment rate, as of February 2017, was 4.1%. This rate is consistent with that of the state, and just slightly lower than that of the United States rate of 4.7%. An historical look at the unemployment rates for Chesapeake has shown that the city typically mirrors that state, and has seen a slow but steady decline over the past few years.

Feb. 2017 – Chesapeake Employment

<i>Employed</i>	111,358
<i>Unemployed</i>	4,714
<i>Unemployment Rate</i>	4.1

The average travel time for a Chesapeake resident/worker is 24.7 minutes.

30% of Chesapeake's female workforce are mothers with children under the age of 18.

2016 Employed Population 16+ By Occupation

White Collar	64.6
<i>Management/Business/Financial</i>	16.1%
<i>Professional</i>	23.6%
<i>Sales</i>	11.0%
<i>Administrative Support</i>	13.9%
Services	14.8%
Blue Collar	20.6%
<i>Farming/Forestry/Fishing</i>	0.2%
<i>Construction/Extraction</i>	5.4%
<i>Installation/Maintenance/Repair</i>	4.0%
<i>Production</i>	4.1%
<i>Transportation/Material Moving</i>	6.9%

2016 Commuting Patterns

Work in state and in county of residence	41%
Work in state outside county of residence	57.6%
Work outside state of residence	1.4%

Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.
Virginia Employment Commission, VirginiaLMI.com



Industry

Employment by Industry

Chesapeake's top five employment sectors are Retail Trade, Health Care and Social Assistance, Accommodation and Food Services, Construction, and Professional, Scientific and Technical Services which represent 54.6% of the jobs in the city.

The city's top five is in line with the state's and that of the U.S., except for two sectors, Retail Trade and Manufacturing.

Retail Trade

Retail, while important to the quality of life, typically "recycles" dollars within the community, instead of bringing in dollars from the outside. Additionally, retail jobs are generally lower paying than those in the industrial or business services sectors, and therefore, have a lower impact on the overall economy.

3rd Qtr. 2016 Employment by Industry Sector



State of VA

Health Care & Social Assistance	13.6%
Retail Trade	13.4%
Professional, Scientific & Tech Services	9.9%
Accommodation & Food Services	8.6%
Educational Services	8.1%
	53.6%

United States

Health Care & Social Assistance	13.9%
Retail Trade	13.4%
Accommodation & Food Services	8.6%
Educational Services	8.3%
Manufacturing	8.1%
	52.3%

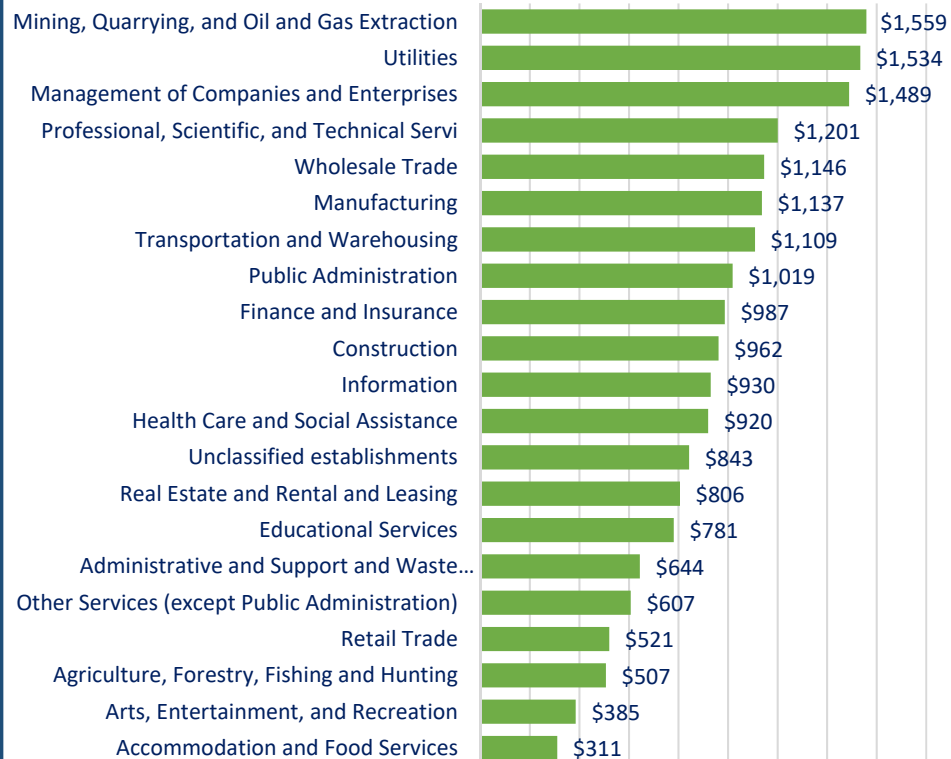
Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.
Virginia Employment Commission, VirginiaLMI.com



2016 Top Five Employment Sectors Average Weekly Wage

<i>Retail Trade</i>	\$521
<i>Accommodation & Food Serv.</i>	\$311
<i>Health Care & Social Assistance</i>	\$920
<i>Construction</i>	\$962
<i>Professional, Scientific, & Technical Serv.</i>	\$1,201

3rd Qtr. 2016 Average Weekly Wage by Industry Sector



Average Weekly Wages

In the first chart to the left, the top five employment sectors for Chesapeake and their average weekly wages are outlined. From this, you can see that the top employment sector for Chesapeake, retail trade with 17.6% of the jobs, earns an average of \$521 per week.

The five recommended targeted industry sectors, as identified in the Targeted Industry Analysis, would fall into the following sectors:

1. Prof., Scientific, & Tech - \$1,201
2. Manufacturing - \$1,137
3. Transp. & Warehousing - \$1,109
4. Health Care & Soc. Asst. - \$920
5. Wholesale - \$1,146

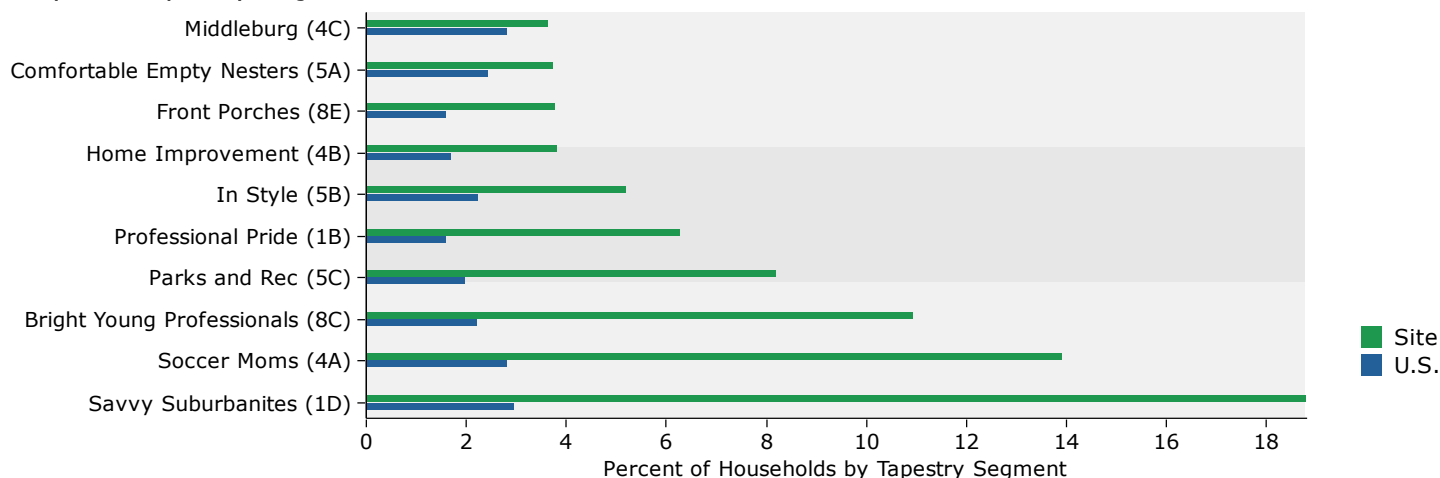
Attracting companies in the targeted sectors would create jobs that would bring a better balance to the employment distribution, raise the average wage rate, and grow the city's economy.



Top Twenty Tapestry Segments

Rank	Tapestry Segment	2016 Households		2016 U.S. Households		Index
		Percent	Cumulative Percent	Percent	Cumulative Percent	
1	Savvy Suburbanites (1D)	18.8%	18.8%	3.0%	3.0%	632
2	Soccer Moms (4A)	13.9%	32.7%	2.8%	5.8%	489
3	Bright Young Professionals (8C)	10.9%	43.6%	2.2%	8.0%	492
4	Parks and Rec (5C)	8.2%	51.8%	2.0%	10.0%	410
5	Professional Pride (1B)	6.3%	58.1%	1.6%	11.6%	393
Subtotal		58.1%		11.6%		
6	In Style (5B)	5.2%	63.3%	2.3%	13.9%	232
7	Home Improvement (4B)	3.8%	67.1%	1.7%	15.6%	224
8	Front Porches (8E)	3.8%	70.9%	1.6%	17.2%	236
9	Comfortable Empty Nesters (5A)	3.8%	74.7%	2.5%	19.7%	153
10	Middleburg (4C)	3.7%	78.4%	2.8%	22.5%	129
Subtotal		20.3%		10.9%		
11	Metro Fusion (11C)	3.2%	81.6%	1.4%	23.9%	229
12	Family Foundations (12A)	2.7%	84.3%	1.1%	25.0%	253
13	Down the Road (10D)	2.1%	86.4%	1.1%	26.1%	180
14	Green Acres (6A)	2.0%	88.4%	3.2%	29.3%	62
15	American Dreamers (7C)	1.9%	90.3%	1.5%	30.8%	130
Subtotal		11.9%		8.3%		
16	Retirement Communities (9E)	1.9%	92.2%	1.2%	32.0%	154
17	City Commons (11E)	1.8%	94.0%	0.9%	32.9%	198
18	Midlife Constants (5E)	1.5%	95.5%	2.5%	35.4%	59
19	Old and Newcomers (8F)	1.4%	96.9%	2.3%	37.7%	59
20	Boomburbs (1C)	1.2%	98.1%	1.5%	39.2%	81
Subtotal		7.8%		8.4%		
Total		98.1%		39.3%		250

Top Ten Tapestry Segments Site vs. U.S.



Data Note: This report identifies neighborhood segments in the area, and describes the socioeconomic quality of the immediate neighborhood. The index is a comparison of the percent of households or Total Population 18+ in the area, by Tapestry segment, to the percent of households or Total Population 18+ in the United States, by segment. An index of 100 is the US average.

Source: Esri

Competitive Scorecard

City of Chesapeake
Virginia

May 2017

Comparison Communities

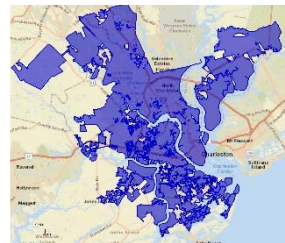


Chesapeake, VA

Target Industries

- Logistics & Supply Chain Management
- Defense & Security Technology
- Advanced Manufacturing
- Professional Business Services
- Healthcare Technologies & Services

Charleston, SC



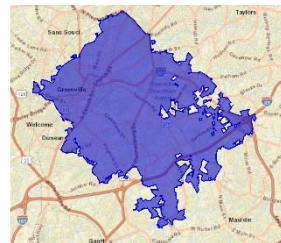
Client Selected

Target Industries

(As listed on website)

- Aerospace
- Automotive
- Info Tech
- Life Sciences
- Logistics

Greenville, SC



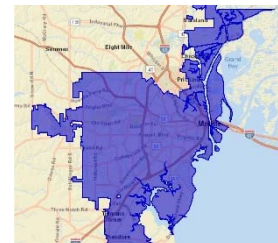
Client Selected

Target Industries

(As listed on website)

- Advanced Materials & Composites
- Automotive
- Aviation & Aerospace
- Bio-Sciences
- Data Centers
- Distribution & Logistics
- Headquarters/ R & D

Mobile, AL



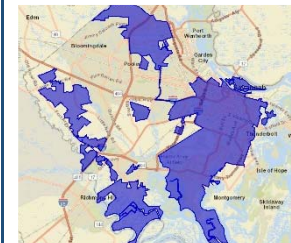
SHEDC Selected

Target Industries

(As listed on website)

- Aerospace
- Chemicals & Manufacturing
- Healthcare
- Maritime
- Logistics & Transportation
- Oil & Gas
- Technical

Savannah, GA



SHEDC Selected

Target Industries

(As listed on website)

- Advanced Manufacturing
- Aerospace
- Logistics & Distribution
- Creative Design & Technology
- International Business
- Entertainment & Production

General Indicators

Findings

- Superior position in:
 - GDP per capita growth
 - Avg. Annual Wages growth
 - Poverty Rate
- Last in Traded vs Local Clusters
 - High level of dollars “recycling” in the economy
 - Smaller sector of businesses bringing dollars into the economy

GDP per Capita Growth 1998 - 2014		
1	Chesapeake, VA	2.1%
2	Charleston, SC	1.4%
3	Mobile, AL	1.2%
4	Savannah, GA	0.3%
5	Greenville, SC	0.1%

Source: US Cluster Mapping

Avg. Annual Wage Growth 1998 - 2014		
1	Chesapeake, VA	3.5%
2	Charleston, SC	3.4%
3	Mobile, AL	3.0%
4	Savannah, GA	2.7%
5	Greenville, SC	2.1%

Source: US Cluster Mapping

Traded vs Local Clusters 2014			
		Traded	Local
1	Greenville, SC	37%	63%
2	Savannah, GA	35%	65%
3	Mobile, AL	34%	66%
4	Charleston, SC	32%	68%
5	Chesapeake, VA	29%	71%

Source: US Cluster Mapping

Poverty Rate 2014		
1	Chesapeake, VA	9.8%
2	Greenville, SC	14.7%
3	Charleston, SC	16.8%
4	Savannah, GA	17.9%
5	Mobile, AL	19.6%

Source: US Cluster Mapping

Human Capital

Human capital is a measure of the economic value of someone in or coming into the labor force. The concept of human capital recognizes that not all labor force skill sets are equal. Education, specialized skills, and a long employment horizon add value to a labor force.

Value

Companies seeking a location for a new facility or an expansion consider a municipality's "human capital" as one of the location factors.

Findings

- Ranks well in the percentage of high school graduates, but lags Greenville and Charleston in the percentage having a college degree
- Employment rate is statistically equal to the highest
- Young adult population growth is respectable, but as this age cohort is the heart of the workforce, it is important that Chesapeake monitor this factor for future action

High School Graduates (25+) 2016

1	Mobile, AL	29.1%
2	Savannah, GA	29.0%
3	Chesapeake, VA	26.1%
4	Charleston, SC	23.6%
5	Greenville, SC	21.7%

Source: ESRI

College Graduates (25+) 2016

1	Greenville, SC	42.6%
2	Charleston, SC	36.6%
3	Chesapeake, VA	31.1%
4	Savannah, GA	27.7%
5	Mobile, AL	27.6%

Source: ESRI

25 - 44 Age Cohort Population Growth 2010 - 2016

1	Charleston, SC	10.0%
2	Savannah, GA	10.0%
3	Chesapeake, VA	9.0%
4	Greenville, SC	7.0%
5	Mobile, AL	3.0%

Source: ESRI

Employment Rate February 2017

1	Charleston, SC	96.1%
2	Chesapeake, VA	95.9%
2	Greenville, SC	95.9%
3	Savannah, GA	95.3%
4	Mobile, AL	92.8%

Source: Virginia LMI

Innovation

Innovation is taking an idea and transforming it into a product or services that can be sold.

Value

Innovation drives economic growth. Period. Economists have calculated that approximately 50% of U.S. annual GDP growth is attributed to increases in innovation. *

**US Chamber Foundation*

Findings

- From the data, it appears that Chesapeake is lagging in innovation. This is an area that should be noted for further research and planning to increase activity in this area

Utility Patents Issued per 10K Employees 2015

1	Greenville, SC	12.1
2	Charleston, SC	2.1
3	Savannah, GA	1.6
4	Mobile, AL	0.9
5	Chesapeake, VA	0.4

Source: US Cluster Mapping

Employment from Startups 2015 (MSA of Location Level)

1	Savannah, GA	3.4%
2	Charleston, SC	2.4%
3	Greenville, SC	1.8%
4	Chesapeake, VA	1.7%
5	Mobile, AL	1.6%

Source: U.S. Census Bureau, Business Dynamics Statistics (BDS)

Employment in Technology 2015 (MSA of Location Level)

1	Mobile, AL	10.6%
2	Charleston, SC	10.5%
3	Chesapeake, VA	9.7%
4	Greenville, SC	9.6%
5	Savannah, GA	7.3%

Source: Brookings Institute

Venture Capital Investment 2015 (MSA of Location Level)

1	Greenville, SC	\$30m
2	Charleston, SC	\$19m
3	Chesapeake, VA	\$9m
4	Mobile, AL	ND
5	Chesapeake, VA	ND

Source: National Venture Capital Association

Entrepreneurship

The capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit. The most obvious example of entrepreneurship is the starting of new businesses.

Value

New business offerings by entrepreneurs, in the form of innovative goods & services, result in new employment, which can produce a ripple effect in the economy. The stimulation of related businesses or sectors that support the new venture add to

Findings

- High number of establishments per 1,000 employees indicates are large number of small businesses
- Massive growth in Business Services employment is strong evidence of a healthy and supportive entrepreneurial climate
- Employment level for startups is not as strong an indicator, but for the MSA, which may have diluted Chesapeake's figures

Number of Establishment per 1,000 Employees 2016

1	Greenville, SC	65
2	Charleston, SC	65
3	Mobile, AL	71
4	Chesapeake, VA	76
5	Savannah, GA	81

Source: ESRI

Business Services Employment Growth 1998 - 2014

1	Chesapeake, VA	325.0%
2	Savannah, GA	48.0%
3	Mobile, AL	-0.8%
4	Charleston, SC	-21.0%
5	Greenville, SC	-21.0%

Source: US Cluster Mapping

Employment from Startups 2015 (MSA of Location Level)

1	Savannah, GA	3.4%
2	Charleston, SC	2.4%
3	Greenville, SC	1.8%
4	Chesapeake, VA	1.7%
5	Mobile, AL	1.6%

Source: U.S. Census Bureau, Business Dynamics Statistics (BDS)

Quality of Life

It is the measure of the livability of a community.

Value

While, this is a subjective measure of the general well-being and happiness of the residents of a community, a higher QoL correlates with positive economic growth.

Findings

- Low crime rate and a respectable percentage of Arts & Entertainment are a positive
- Average travel time to work is in-line with three of the comparison communities, and is not unreasonable
- Number of healthcare professionals, any negative here is mitigated by professionals, services, and facilities in the neighboring communities

Employment in Arts and Entertainment 2016

1	Charleston, SC	1.8%
2	Greenville, SC	1.2%
3	Mobile, AL	1.2%
4	Chesapeake, VA	1.0%
5	Savannah, GA	0.9%

Source: ESRI

Number of healthcare practitioners and technical occupations per 100,000 population 2016

1	Greenville, SC	29,152
2	Charleston, SC	23,207
3	Savannah, GA	12,921
4	Mobile, AL	11,656
5	Chesapeake, VA	4,642

Source: ESRI

Average Travel Time to Work 2016 (in minutes)

1	Greenville, SC	16.9
2	Savannah, GA	19.7
3	Mobile, AL	21.1
4	Charleston, SC	22.0
5	Chesapeake, VA	24.7

Source: ESRI

Crime Rate per 10K Residents 2015

1	Charleston, SC	25.8
2	Chesapeake, VA	38.1
3	Savannah, GA	48.6
4	Mobile, AL	61.1
5	Greenville, SC	70.6

Source: Federal Bureau of Investigation, UCR

SWOT Analysis

A SWOT (strengths, weaknesses, opportunities, and threats) Analysis is an essential part of the development of any strategic economic development plan for several reasons, it allows for wide participation in the process, creates a sense of ownership in the final product, and identifies areas, both positive and negative, for future focus. The data gathered during the SWOT Analysis was utilized in constructing some of the elements incorporated into the plan.

Information for the analysis was gathered from local leaders, as well as from economic development allies outside Chesapeake who regularly interact with the economic development office on various projects. It is important to solicit this information from both internal and external sources to provide different perspectives in order to arrive at Chesapeake's true state in terms of economic development. The internal input gives an in-depth understanding of local issues and current situations, while external views are from a broader perspective, and provide comparisons and contrasts with other communities. Data was gathered through focus groups, individual interviews, and an on-line survey. Individuals from all aspects of the community were included in the interviews, and the focus groups were organized in four categories, Urban, Suburban, Rural, and Commercial Real Estate in order to solicit input from those specific areas. In all, over 120 individuals provided input for the analysis.

The results below are what the consulting team believes are the salient points, and were acknowledged as being a true accounting of the current state of affairs.

The questions began with: ***"Tell me one thing that is unique about Chesapeake."***

- Quality of life
- Schools
- Location
- Foreign Direct Investment success
- Elizabeth River sites

Strengths identified were:

- ★ Schools
- ★ Location
- ★ Available land
- ★ Transportation corridors
- ★ Economic Development Organization/Staff

Weaknesses listed:

- Lack of developed product
- Transportation-connectivity/traffic
- Infrastructure

- Lack of identity
- Government

Respondents noted these Opportunities which the city should capitalize on:

- + Development of “Prospect Ready” Product (including the Williams Farm)
- + Waterways (for transportation and industrial sites)
- + Improvement of lifestyle amenities
- + Develop proactive development attitude
- + Foreign Trade Zone and the International Coffee Exchange

The greatest **Threats to Chesapeake’s economic growth** and prosperity were cited as:

- ⊙ Not proactively developing quality product
- ⊙ Government that lacks vision and direction
- ⊙ Loss of military spending
- ⊙ Not thinking regionally
- ⊙ Not investing in infrastructure

Participants were also asked their opinions on such issues as: to what does Chesapeake owe its past success in economic development, lessons learned from past projects, what collaborative opportunities should the Department leverage, what key investments need to be made to support economic development, and in what areas should the DED focus their efforts.

Reasons for past success cited were:

- Location
- Quality of life
- DED and DED Staff
- Community make-up
- Foreign Direct Investment

Lessons Learned – Ways to improve the success rate that were identified included:

- Better integration with the Region
- Coordination with development groups
- Being more proactive
- Transportation challenges
- Increase willingness to assume risk

Collaborative Opportunities identified during the sessions were:

- + **Hampton Roads Economic Development Alliance** – more interactions with the region with Chesapeake taking a leadership role

- + **Regional Product Development** - centered in Chesapeake
- + **City Council-City Staff-DED** – identify ways to improve the working relationships that exist
- + **Creation of a Manufacturers or Business Leaders Group** to advocate for economic development in such areas as workforce development and government/council issues, and leverage their contacts for potential recruitment targets
- + **VA Maritime Association**

Top responses to the question as to **what key investments the city should make to foster economic development** and growth were:

1. Product Development
2. Infrastructure
3. More tools for the DED-staff, incentives, funding
4. Schools
5. Targeted marketing/recruitment

The ranked responses to the question-**What should be the economic priorities for the DED-**were:

1. Product Development
2. Business Retention and Expansion
3. Business Recruitment
4. Small Business/Entrepreneurial Development
5. Retail Development

In addition to the items above respondents were also asked to give their opinions on other aspects such as; workforce development, their vision of Chesapeake in five (5), 10, and 20 years, why do companies locate here, why they do not, reasons companies leave the city, what types of companies are missing in Chesapeake, and their views on how other activities and programs, such as public education, arts and cultural offerings, etc. that affect economic development are being carried out in Chesapeake. These questions provide an empirical view into how the city is perceived and what participants believe the future holds for Chesapeake.

As noted throughout, the data gathered during the SWOT exercise provided valuable insight and information that was incorporated into the recommendations and implementation items, which are the product of the strategic planning process. The complete results of the SWOT Analysis are contained in the Appendix.

Target Industry Analysis

The purpose of this Target Industry Analysis is to review, identify, update, and validate promising industry sectors, for Chesapeake, VA. Before implementing target marketing awareness and lead generation campaigns, it is critically important proper analysis and research be done. Matching the strengths and assets of Chesapeake with the needs of growing and expanding companies is vital to the success of targeting. For this study, we looked at area advantages the county can build upon to expand their economic base.

We factored in economic and demographic trends, industry growth trends, and existing industries in the region. In addition, we evaluated industry and company types who would find Chesapeake attractive. Chesapeake possesses many assets and strengths, including infrastructure, location, workforce, and military resources. We also want to recognize the natural resources, recreational opportunities, and overall quality of life. Overall, our objective is not only to find the most feasible industries, but also the most desirable to recommend for Chesapeake.

Based on our research and analysis, we recommend the following target industry sectors.

- ⦿ Logistics and Supply Chain Management
- ⦿ Defense and Security Technologies
- ⦿ Advanced Manufacturing
- ⦿ Professional Business Services
- ⦿ Healthcare Technologies and Services

Recommended Targets

Logistics and Supply Chain Management

Chesapeake is in the perfect location to take advantage of the opportunities in Logistics and Supply Chain Management. The existing logistics and distributing industry in the region is flourishing for good reason. The transportation assets of the region are evident – the port, the road system, and the access to airports. Chesapeake’s location is also in the center of the Eastern seaboard with access to a large population. Additionally, Chesapeake and the surrounding region has a skilled workforce for this cluster, as well as the educational programs feeding the industry. The industry cluster is broad, including freight forwarding, maritime, warehousing, wholesaling, e-commerce, and supply chain planning segments.

Defense and Security Technologies

Chesapeake can build upon the Defense and Security Technologies Cluster existing in the region, with focus on traditional segments, as well as, developing technologies such as unmanned aerial vehicles, robotics, and biometrics. Even though government spending on defense is expected to remain stagnant, commercial applications will continue their growth.

The military presence and the large pool of skilled technology workers available in the area will encourage growing and expanding companies in this cluster to consider the area in order to access the talent pool. The educational assets in the region also support this industry well. This industry cluster can include search and navigation instruments, aerospace, communications equipment, shipbuilding, cybersecurity, and other related areas.

Advanced Manufacturing

Advanced Manufacturing has opportunity in the Chesapeake region. Certain segments have experienced healthy growth over the past few years and are forecasted to continue growth into the future. This cluster will benefit from the deep transportation network, in Chesapeake, as well as, the available skilled workforce and the affordable industrial power rates. This cluster will support the construction, transportation, aviation, and shipbuilding industries in the area, as well as, production technology that serves many other industries. The Advanced Manufacturing cluster includes fabricated metal production like stamping, forging, hardware, machine shops, and metal plating. The machinery segments include construction machinery, metalworking machinery, engine, and turbine manufacturing and many other machinery applications.

Professional Business Services

Professional Business Services, from banking and insurance to management consulting and software, will find a good home in Chesapeake. A highly-educated workforce is available for these office-based industries, augmented each year by exiting military personally, military spouses, and graduating students. Additionally, business costs are affordable offering salaries below the national average, reasonably priced office space, and a favorable state corporate income tax rate, currently at the same as it has been since 1974-6%. Such segments as data centers, credit card processing, loan administration, portfolio management, insurance claims adjusting, payroll services, accounting services, architectural and engineering services, and others have experienced recent growth and will continue to grow and expand into the future.

Healthcare Technologies and Services

Healthcare needs will grow on all fronts well into the future. The aging population will drive the demand for services and the development of technology. The presence of this industry and local educational assets such as the Eastern Virginia Medical School, and the Norfolk State University School of Nursing, will supply a talent pool to support this growth. Just as professional services, the exiting military, military spouses and graduating students will also feed into the needed industry workforce. Healthcare services will continue to locate in the area to support the population needs. Barriers to recruitment and attraction of companies in this sector, such as the conditional use permit required for new facilities, need to be identified and thoroughly examined to develop strategies to minimize or eliminate their negative impact. Chesapeake can see this segment grow with little effort, but the area can direct its future by focusing on the development technologies in the healthcare industry. This cluster can include pharmaceuticals, medical devices, laboratory services, outpatient centers, as well as, research and development.

Comparing Previous Target Business Sectors

Chesapeake's previously chosen target business sectors have remained consistent over many years of economic development planning efforts. One purpose of this study was to validate the sectors, expand the clusters, and renew the target industry focus. All of the past business sectors were studied and considered as the recommendations were made for the current target industries to carry forward in to future planning.

Previous Target Business Sector Assessments and Explanations:

Industrial Technologies - including electronics and communication equipment; robotics and automated industrial processes; nanotechnologies; photonics; plastics and chemical processing; and aerospace and aviation.

Most of what was included in this sector previously was carried forward into the Advanced Manufacturing Sector or the Defense and Security Sector.

Plastics and Chemical Processing - A strong case was not present for *plastics and chemical processing*, though they would support industries in many of the recommended sectors.

Communications Technologies - including broadband and wireless technologies; and telecommunications services.

This sector is now part of the Defense and Security Sector.

Knowledge Services - including office administration; technical support; engineering, research, and management services; media services; information services; software services; systems and design.

This target sector remains a recommended target, in Professional Services.

Military Support Industries

This sector is now part of the Defense and Security Sector.

Healthcare Technologies - including electro-medical equipment; medical care and services; biotechnology; and research and development.

This target sector remains a recommended target, expanding the healthcare services segments.

Automotive Parts and Equipment Manufacturing - A strong base was not present for *automotive industry*. The transportation equipment present in the region revolves heavily around shipbuilding.

Intelligent Transportation Research and Services

This sector is now part of the Logistics and Supply Chain Management Sector.

Maritime and Logistics

This sector is now part of the Logistics and Supply Chain Management Sector.

Retail Development - including specialty; destination; and entertainment focused. This sector is well represented in Chesapeake and not a current recommended target. Retail development decisions are highly dependent on demographics and traffic counts. Targeting retail development is certainly a pursuit in community development but requires a separate strategy and plan.

Retail development, while important to quality of life, typically recycles dollars within the community instead of bringing dollars from outside of the community. Additionally, retail jobs are typically lower paying jobs than those in industrial or business services and therefore, have a lower impact to the overall economy.

The Target Industry Analysis provides a solid foundation on which to base marketing and recruitment strategies for the DED. A carefully crafted and integrated marketing plan, to include a calendar of actions-calls, mailings, visits - should be developed, centered on the industry sectors, employing the research data generated during the analysis.

Product Development Analysis

As noted in the Product Review section, a universally accepted reality of economic development is expressed simply as “you can’t sell out of an empty wagon.” In order to attract business recruitment projects, a threshold requirement is that a locality has a good inventory of industrial/business park properties, and quality available buildings. Without quality product to sell, it is virtually impossible to attract a regular flow of recruitment prospects.

In certain areas, the private, for-profit sector generates a sufficient quality and diversity of such properties. In such areas, it is generally not advisable or necessary for public sector economic development entities to engage in the development of industrial/business parks and shell buildings. However, this vigorous level of private development is often not present in certain areas, and certainly not the current situation in Chesapeake. Having said that, during the interviews and research for this plan, the consulting team was told numerous times, that there is a willingness and desire by the private sector to develop industrial property and that they would like to be part of the process. Indications were that private developers were very much open to the idea of creating a partnership with the city to develop industrial sites and parks, and perhaps even shell building. This approach has been embraced by comparative localities such as Charleston and Greenville, South Carolina. If there is an appetite by the private sector to create quality industrial product in the city, then this should be strongly pursued and supported. Steps to foster these conversations and efforts are contained in the Recommendations section.

Before embarking on a public product development program, several questions need to be answered. Which properties will be selected for development and in what priority, how will the properties be secured, what entity will undertake the effort, and how the acquisition and development costs will be financed. These questions need to be thoroughly discussed and a consensus arrived on all of them before proceeding to the next step. The development can be done by the local government on its own, or by organization that the local government contracts with, and funds to carry out such a project. And, as in all aspects of this section, each option has its pluses and minuses which are more fully described and explained later in the report. The consulting team recommends that a “product development plan” be created for each site and building to be developed. Such plans should include proposed partners/members of team, scope of development and associated costs, timelines and schedules, funding/finance sources, and any other information that will lay out a clear path for development.



Product Identification

The consulting team, working with the staff, searched for properties that had the potential to be developed into industrial sites or parks. Available property within the corporate limits of Chesapeake is being sought after for many purposes, residential, retail, commercial, and industrial. There is therefore, certain urgency in identifying and securing properties for industrial use, so they are not acquired and designated for some other purpose. A prosperous, growing community such as Chesapeake must be ever vigilant so as not to let one land-use sector dominate others. There must be a balance between the different interests in order to provide the needed, desired, and complementary amenities, services, and opportunities. Without jobs, there is no retail, or residential, or commercial. No retail and residential moves elsewhere, and so it goes. These four property use sectors form a symbiotic relationship, each feeding and dependent on the others. So, a well-managed balance is a necessity, and to that end Chesapeake needs to ensure that it has adequately addressed their need for designated industrial properties.

Multiple properties were identified that have good potential for industrial development, with the top five being: the Bowers-Hill tract, the Smith-Boyd property the South Battlefield Boulevard Rail Site, Landing West, and the Williams Farm. Each of these properties have unique qualities and could provide a wide range of site sizes, handling multiple or large, single users including anything up to, and including, an automotive manufacturing plant.

- **Bowers-Hill** – 117 acres, industrial park
- **Smith-Boyd** – 163 acres, industrial park
- **South Battlefield Rail Site** – 309 acres, rail served industrial park
- **Landing West** – 655 acres, large acreage adjacent to a general aviation airport
- **Williams Farm** – 4000 acres, Mega-Site, potential Automotive OEM site, with additional sites available for vendors and suppliers, etc.

A more in-depth review for each property follows. The review includes conceptual layouts and estimated costs of development for each site except for the Williams Farm. Layouts and cost estimates are provided for both multiple users (industrial parks) and a large single user for the Bowers-Hill and Smith-Boyd tracts. The South Battlefield and Landing West sites are of such size that they could accommodate multiple, very large facilities (in excess of 1 million square feet), so dedicating either to a single user would not be the most efficient utilization of a precious commodity-available land. The cost estimates include land prep for common areas, construction of the main access road, including curb and guttering, underground, industrial quality electrical service, and main lines for water and sewer.

The layouts were developed maximizing the acreage on each site and other configurations are, of course possible. The buildings are based on actual facilities and were chosen for their size and shape to fit the land space. Some properties have known wetlands areas and were included in the development scenarios, but the cost of mitigation is not included in the development

estimates. The reason being is that until a definitive wetlands determination has been performed and approved by the U.S. Army Corp of Engineers, the total acreage and quality of wetlands is unknown and, therefore, the cost of the mitigation is impossible to determine. When and if actual development takes place, the options would be to avoid the wetland areas as much as is possible, or to mitigate the required acreage. However, the development costs of the property should be considered as an investment, and viewed through the lens of an economic and fiscal impact analysis of the project.

Further, the number of jobs that the proposed square footage could support was estimated for each of the conceptual layouts. In discussing the project with officials with the VEDP, a square feet/employee factor was derived using the number from northern Virginia and adjusting it to mitigate the higher costs of construction in that region. The number of square feet per employee for these discussions is 565.

The Williams Farm is a unique property and some initial planning has begun on a portion of the tract. The property has been registered with the Virginia Business Ready Sites Program (VBRSP), sponsored by the state and administered by the Virginia Economic Development Partnership (VEDP). The VBRSP was established to promote the assessment of the business readiness of potential sites in the Commonwealth of Virginia (the Commonwealth) and to provide grants to support the business readiness development of such sites, thereby enhancing the Commonwealth's infrastructure and promoting the Commonwealth's competitive business environment. The registration of the site with the VBRSP brings with it multiple benefits chief among them are the potential for funding that will accelerate the development of the property and raising its profile with the VEDP, with the potential of increased marketing emphasis, elevating it to almost a "state site" status.

In addition, as noted in the Product Assessment section of the report, Chesapeake, and the entire Hampton Roads region has a severe lack of sites larger than 100 acres. The development of the Williams property could more than double the available sites in the 100 acre and above categories, and allow Chesapeake to compete for those projects demanding larger sites.

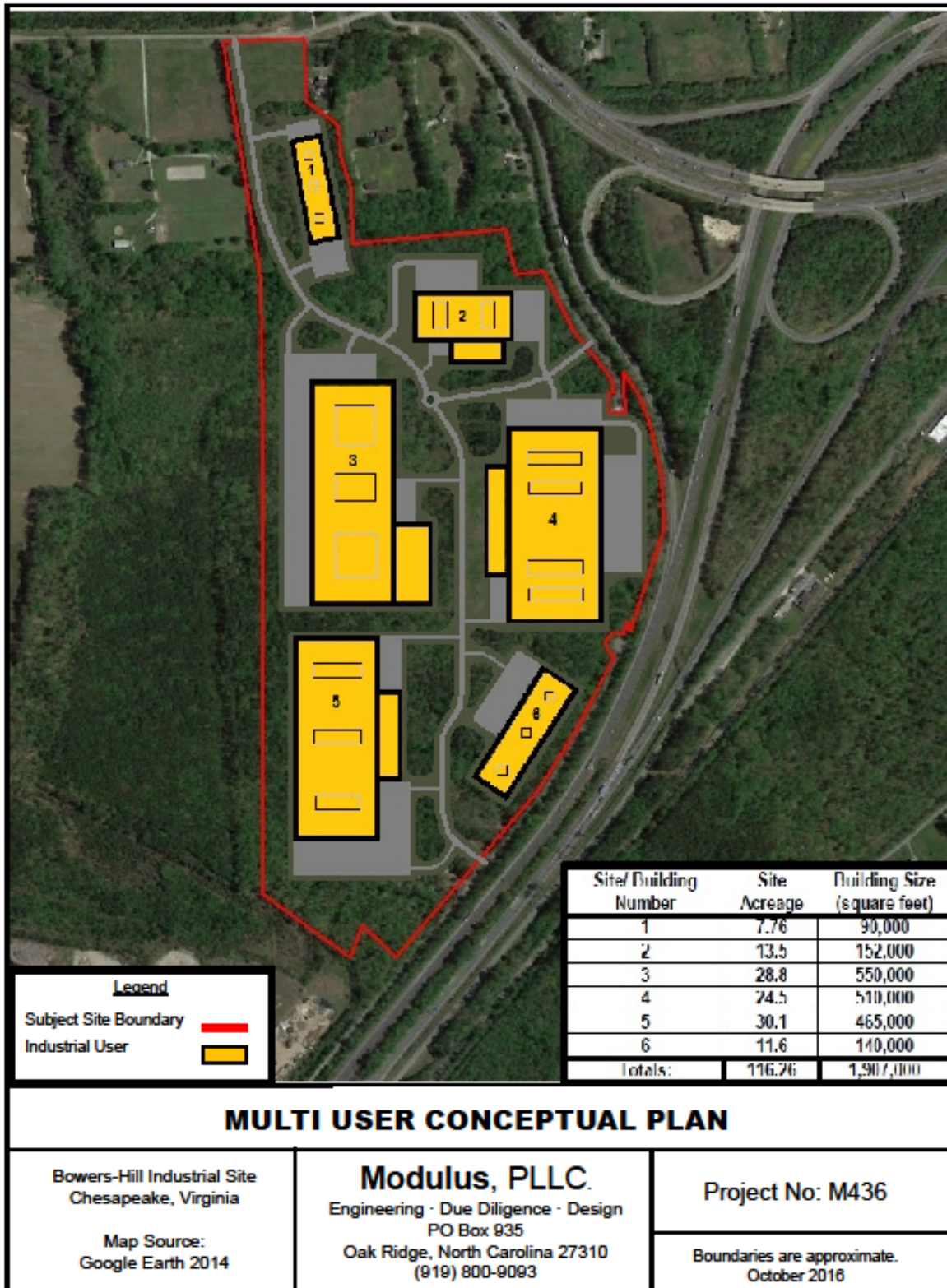
Sanford Holshouser firmly believes that this property has the potential to attract an automotive manufacturing facility and strongly recommends that consideration be given to developing and marketing the site for such purposes. Supporting information and recommendations as to next steps in this process are contained later in this section and in the recommendations section.

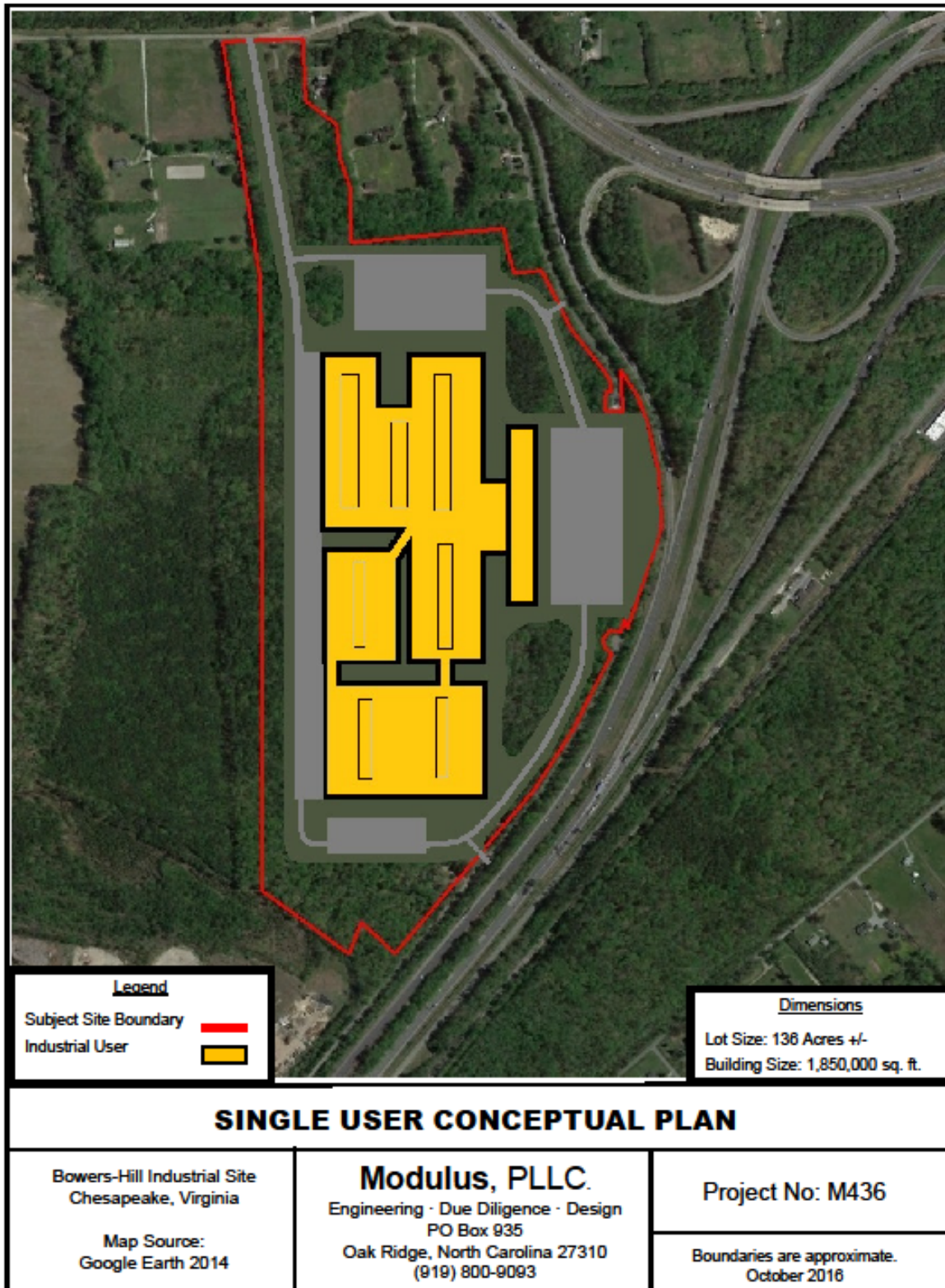
Bowers-Hill

Also, sometimes referred to as the Jolliff Road & US 13-58 Property. The 117 acre Bowers-Hill site has many attributes that are attractive in industrial properties. The site is adjacent to, and has limited access to three interstate highways (I-64, I-264, and I-664, is located less than 18 miles from four marine terminals on one of the east coast's premier ports, and is 20 miles from Norfolk International Airport. Further, the site is adjoining the Hampton Roads Airport, a public use, general aviation facility. The property does have some disadvantages as it currently has no water service and the property has multiple owners. However, extension of water lines to serve the site can be done and the property, as a whole, is listed for sale with a real estate company. In addition, in researching the property for the conceptual layouts, it was discovered that there may be some large areas of wetlands on the property. As has been stated, these issues can be addressed, but will add to the development costs.

The conceptual industrial park layout for the Bowers-Hill property envisions six buildings totaling 1,907,000. Applying the square feet/employee factor derived as described above, this layout would support approximately 3,375 individuals. The single user facility of 1,850,000 could provide employment to an estimate 3,274. Cost estimates for the development of the property as an industrial park and for a single user are \$2,874,248 and \$1,006,200 respectively.

(Two conceptual layouts follow this page)



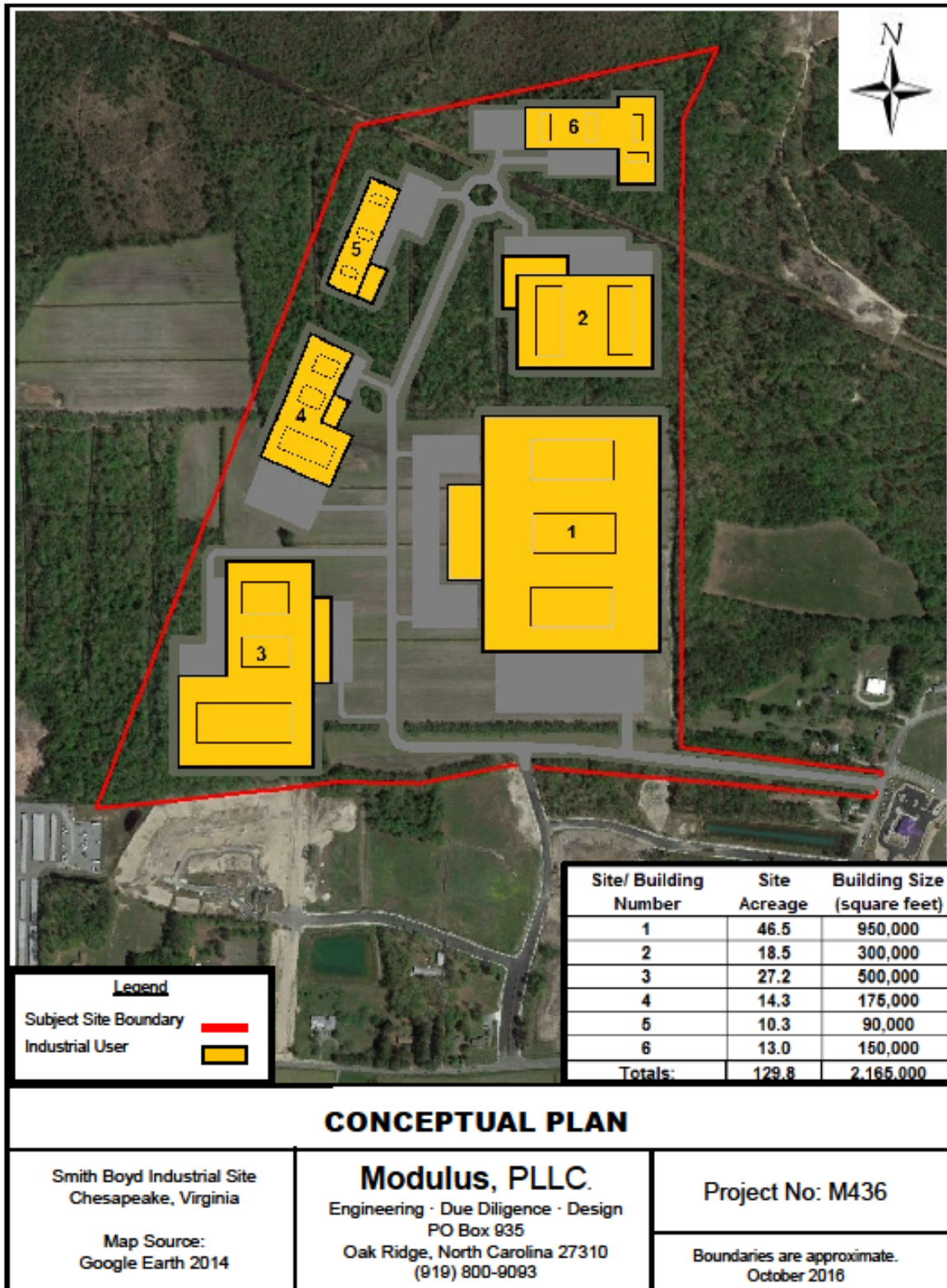


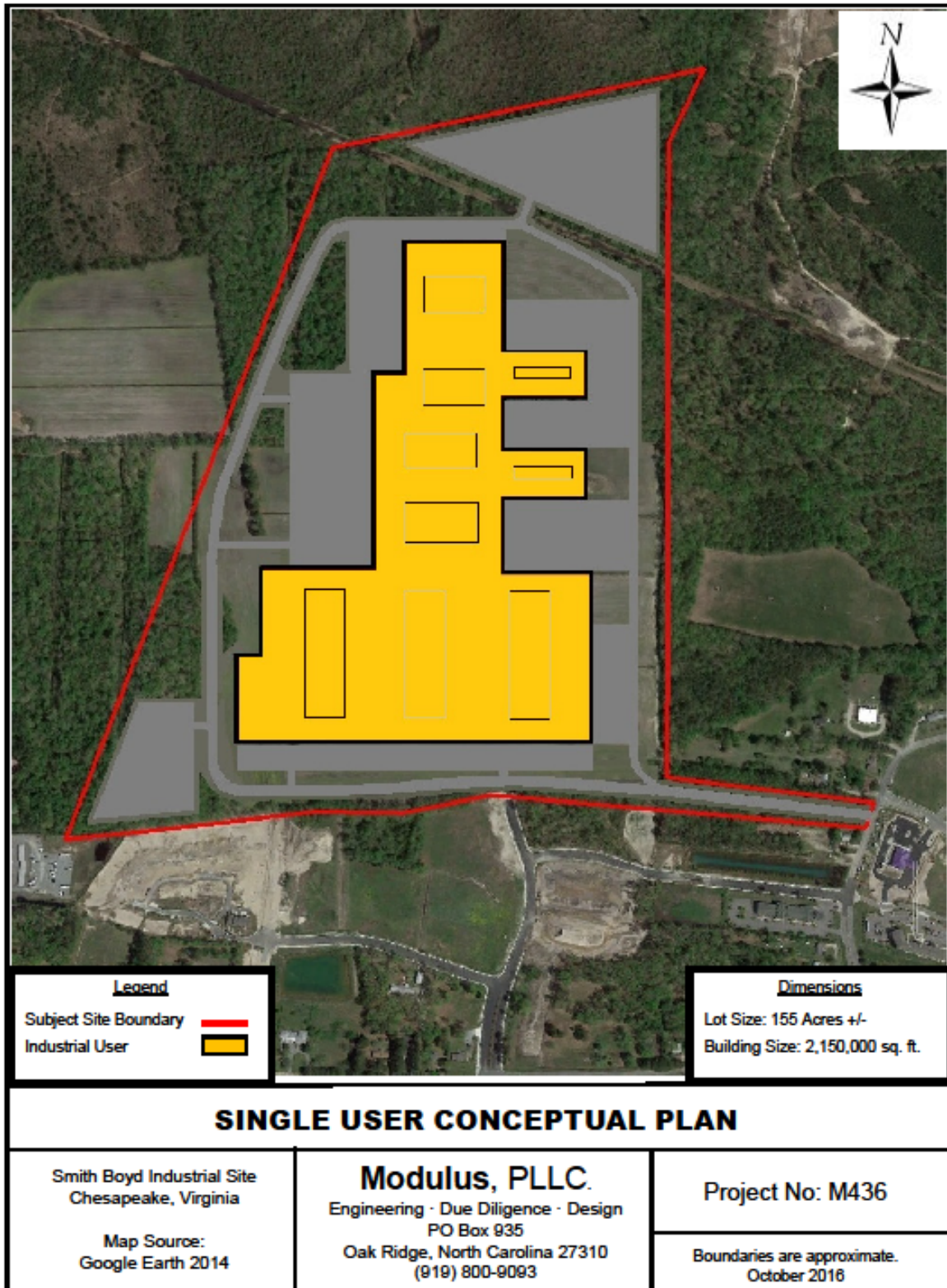
Smith-Boyd

Smith-Boyd is listed as a 163-acre tract that is located in the Western Branch area of Chesapeake. Among its many advantages are its easy access to Portsmouth Boulevard and to I-664, proximity to the ports, Norfolk International, and the availability of water, sewer, and natural gas. The major downside to the property is that a large portion of the acreage is most likely wetlands, which would require mitigation and additional development costs. Another potential issue may be some needed upgrades of Jolliff Road which connects the property to Portsmouth Boulevard.

The conceptual industrial park as presented in Layout One (1 provides 2,165,000 square feet of industrial space. The facilities in this configuration could produce an estimated 3,832 jobs. The large single user envisioned in Layout Two (2 could generate 3,805 jobs. To utilize the entirety of the property as portrayed in the conceptual designs, a significant amount of wetlands would have to be mitigated.

(Two conceptual layouts follow this page)





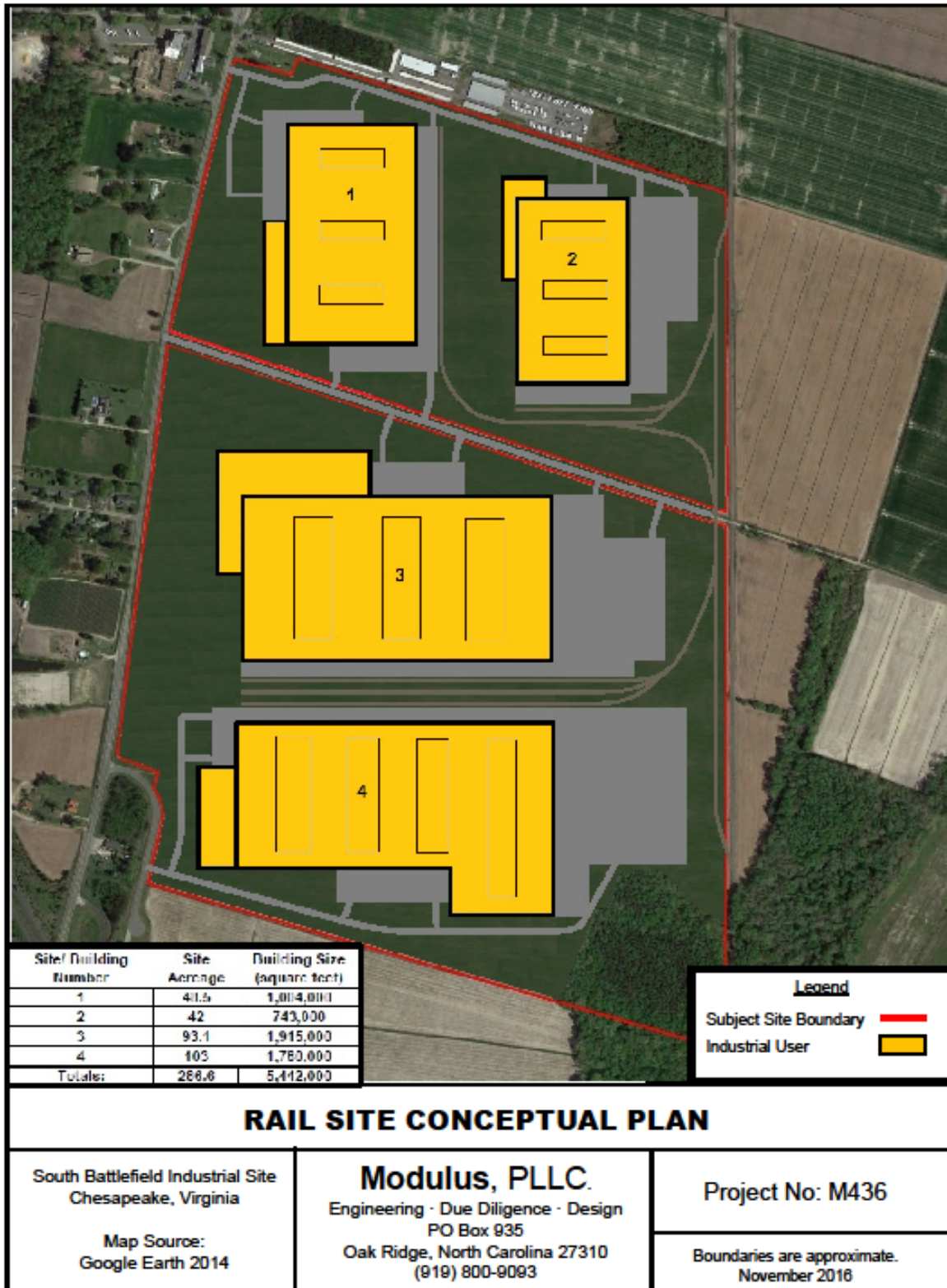
South Battlefield Boulevard Rail Site

This site is located between South Battlefield Boulevard and the Chesapeake and Albemarle railroad track. It is the only property identified to have rail access, and sites with this service are becoming increasingly rare. Rail service is an absolute must for some companies, while for others it provides shipping options and redundancy in their supply chain. A rail site of this size and quality would provide Chesapeake competitive advantages in several ways. It would allow the DED to pursue those projects where rail service is required, and it provides companies seeking a new location the option of rail. As noted above, rail availability provides shipping options, giving the company a competitive advantage and would, thereby create a much more attractive and desirable site. The addition of rail served sites would greatly expand the universe of projects that Chesapeake could accommodate.

In addition to the availability of rail, the property has a small number of owners and has all the advantages of proximity to ports, the Norfolk airport, and quality transportation corridors. Further, public infrastructure is in place. While some enhancements may be necessary to accommodate industrial level usage, the presence of the infrastructure makes a big difference in the cost and time required to get the site to “client ready” status. The disadvantages of South Boulevard include no easy access to the nearby Chesapeake Expressway and potentially some wetlands issues. But these obstacles are not fatal flaws and the property should be seriously considered for development. The addition of this property to the product inventory would allow Chesapeake to respond to most every site selection client’s needs.

As evidenced by the conceptual layout, the South Battlefield Boulevard Rail Site could provide space for several very large, rail served facilities. The buildings on this layout would support approximately 9,632 employees. Development costs for the proposed layout would total an estimated \$3,078,956. It should be noted that the development cost does not include rail. The configuration, siding tracks, required switching, and signaling are variables that will be dictated by the end user and the rail company and therefore, are not calculable at this time.

(One conceptual layout follows this page)

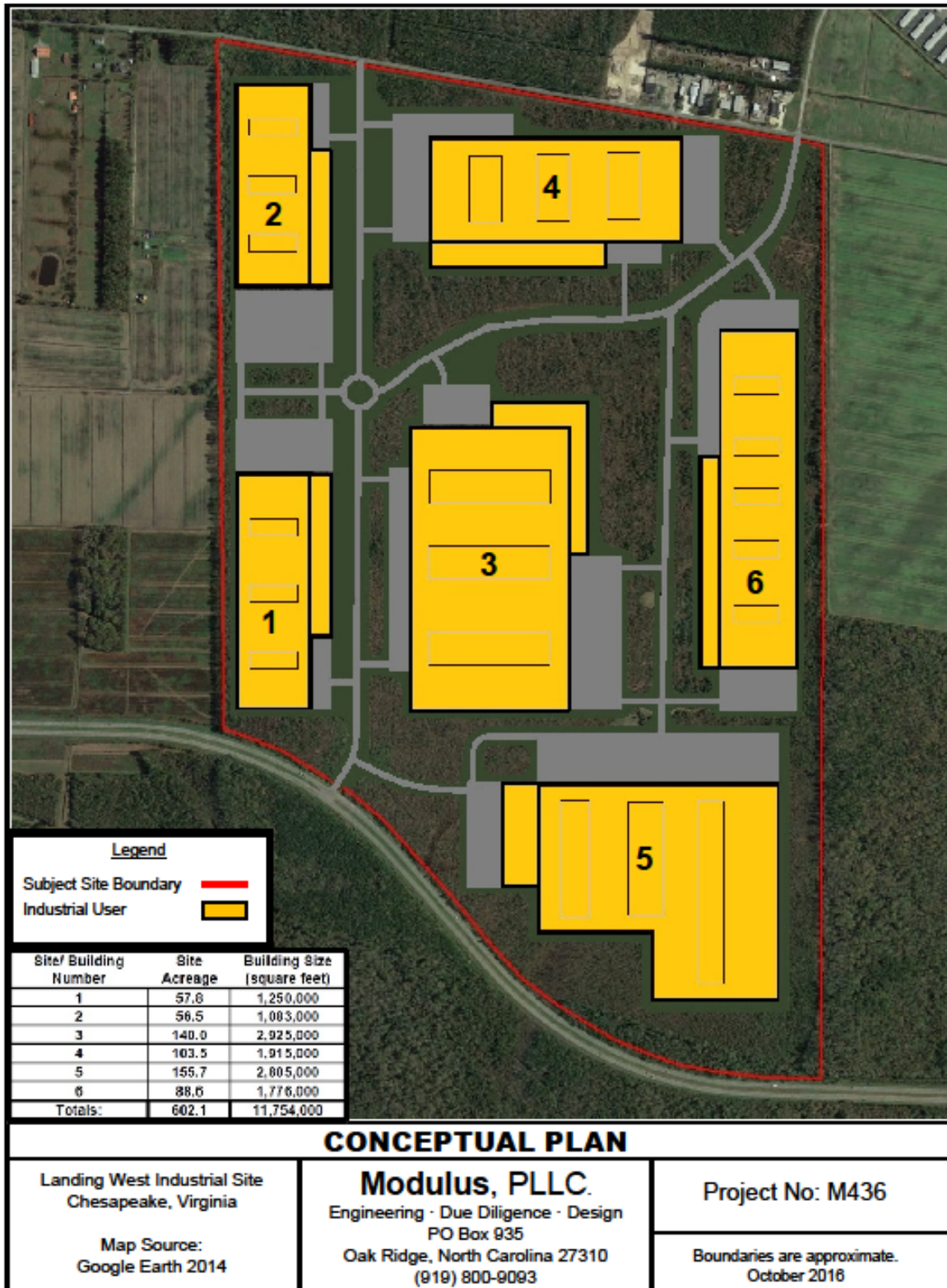


Landing West

From the property flyer, Landing West is a 655 of contiguous acre tract with approximately 454 of those acres developable without remediation. It is located on US 17, with an established curb cut for access, and is eight miles south of the I-64 and I-464 interchange. US 17/US 64 provides direct four-lane access all the way to the ports of Virginia in one direction and all the way to I-95, the Research Triangle, and beyond in the other. In addition, it is anticipated that this corridor will be designated I-87 in the very near future. This highway connectivity is extraordinary and provides tremendous opportunities to attract quality companies in various sectors. Another plus for the property is that it is situated just across West Road from the Chesapeake Regional Airport. The airport provides general aviation services, as well as options for “just in time” inventory deliveries and light air-freight pickup. Like the South Battlefield site, the large acreage and unique qualities possessed by Landing West could attract certain projects that seek the attributes that only it among the properties identified here can provide. This checks off another box for Chesapeake in terms of product inventory.

The layout provides for a number of very large buildings with a total square footage of 11,754,000. This is a massive amount of space. Again, there are other options for configuring the property and building sizes, but this concept maximizes the utilization of the land. This conceptual layout would support 20,804 jobs and the cost estimate to develop the park is \$6,503,373.50.

(One conceptual layout follows this page)



Williams Farm

From the very beginnings of the development of this report, the attributes of this property have been touted to the consulting team. Therefore, the identification of the Williams Farm as having potential to be developed as an industrial site could almost be seen as redundant. This extraordinary property offers multiple opportunities to attract any number of prospects from every single target industry sector. Further, Sanford Holshouser firmly believes that it has the potential to attract a transformational project such as an automotive assembly plant. The basis for our assessment of the property is multifold and the well-known aspects are:

- **Large acreage-4000 acres, with the potential to include adjoining lands**
- **Prior converted farm land – minimum, if any, wetlands issues**
- **Single owner**
- **Located on US-17-excellent transportation corridor (soon to be designated I-87)**
- **Proximity to the ports of Virginia, who are equipped to accommodate Panamax vessels**
- **Proximity to Norfolk International Airport**

Further, when compared to mega sites or proposed mega sites across the southeast, the Williams Farm would rank very high in terms of its suitability as an automotive assembly site. A recent study, commissioned by a North Carolina corporation evaluated sites in that state to assess their suitability to attract such a facility. The study compared the assets of those properties with the known attributes of sites selected for automotive assembly plants, and ranked them with twelve identified mega sites and proposed mega sites across the southeast, including the Mid-Atlantic Advanced Manufacturing Center in Greenville County. The evaluation criteria included such aspects as logistics-the ability to service export markets worldwide, minimum site size (approximately 1,500 acres with expansion capabilities), transportation corridors, workforce, utilities, etc. If inserted into this evaluation, the Williams Farm would rank equal to, or better than most in the study, and would not only be deemed viable, but a highly ranked and desired option for such a facility. Additionally, the property is larger than any of the sites in the evaluation, which would provide for a campus type development, supplying acreage not only for the central manufacturing plant, but for vendors, suppliers, and service providers as well.

Moreover, the recently selected site by Volvo for their first North American auto manufacturing plant has a great deal of similarities to the Williams Farm. The new \$500 million, 2,000 employee facility is being constructed on a site in Ridgeville, Dorchester County, South Carolina. The property is located adjacent to I-26, 30 miles northwest of Charleston, and at the time of its selection had very little infrastructure in place. Further, the closest rail line was ten miles away and the South Carolina Railroad is currently in the process of building an extension to serve the plant. When compared to the Dorchester site, the Williams Farm is located on a four-lane highway, that will one day be designated as an interstate, it is closer to the ports, and is about the same distance from rail access. It is located in an area that possesses a skilled workforce more than capable of handling auto assembly occupations, and has a history in auto manufacturing.

Sanford Holshouser views the Williams Farm as just as attractive an automotive assembly site as the new Volvo Plant site.

Some work has already begun on the Williams Farm property and that is why a conceptual layout of this site is not included here. Preliminary work and planning for the development of a portion of the site including infrastructure extension and financing strategies are underway and should continue. However, consideration should be given to developing conceptual designs and layouts of the property as an auto manufacturing site. The consulting team recommends that due diligence research be conducted to determine the number of potential automotive projects over the next several years. This research will provide direction as to how to proceed and in what timeframe. If there is sufficient data indicating the likelihood of new automotive facilities on the horizon, then a major marketing initiative should be launched centered on the Williams Farm as an automotive OEM site.

How this development and marketing is undertaken is another aspect that needs thoughtful consideration, as it is such a huge undertaking. Whether Chesapeake should try and go it alone, engage regional partners and the state is a decision that needs to be vetted thoroughly.

An automotive manufacturing plant has the ability to create and drive its own economy sector. Chesapeake has many such drivers at work in its economy today. The addition of a new driver would diversify the overall economy and expand opportunities for the city and its citizens alike.

Secondary Sites

Other properties that were identified, and should be explored further, but secondary to those listed above are:

- **Dominion Site** –this is a waterfront property that has all infrastructure in place. It can meet the needs of a company that is dependent on direct water access, such as a boat builder, marine repair, etc. and continues to diversify the product inventory, providing options for more industry sectors. The property does have some negatives and has been the central focus of a disagreement between Dominion and the City. However, the potential of the site is of such value that we recommend discussions to explore solutions to the disagreement and the marketing of the site for industrial use
- **St. Julien's Creek Site** – waterfront property owned by the U.S. Navy. This property would also provide water access to a company dependent on such an attribute. It does have several buildings on the site, some infrastructure in place, and some concerns, environmental and others, as well. However, a report prepared for the Cities of Chesapeake and Portsmouth and the Department of the Navy concluded that "The St. Julien's Creek Annex site offers a number of amenities that can support the development of a Regional Economic Development Opportunity." The location, infrastructure, transportation access, including rail, are in many ways unique in the Hampton Roads area. This property's potential should be explored further.

Conclusion

All the properties should be thoroughly evaluated, including such areas as wetlands, soil borings, rare and endangered species, among others. Every effort should be made to eliminate any question that a prospect may have about the property. In that vein, the consulting team strongly recommends that Chesapeake develop and institute its own branded site readiness, certification program that would be an enhancement to the Virginia Business Ready Sites Program. A quality program of this nature would separate Chesapeake's product from others, and provide a solid competitive advantage for the city.

A singularly important aspect of product inventory management is the issue of control of the property. Any economic development organization must be able to provide the price of a property, with no ambiguity, to a prospect. Further, it is vitally important that the economic development office have confidence that if they have submitted a site for consideration, that the property won't be sold out from under the project. This has implications not only for the project at hand, but can also damage the reputation of the organization for future opportunities. Therefore, it is most important that the properties in the inventory be secured in some manner.

There are several methods to control properties, with variable levels of security and associated costs, generally, the higher the level of security, the higher the cost. Methods of controlling property include:

- **Agreement to Sell** - a non-exclusive option to purchase-low cost allows for the property to be sold by other parties with no notice
- **Real Estate Contract** - grants exclusive rights for the sale of the property
- **Option to Purchase** – grants the right to purchase the property at a set price for a specific length of time. An option may or may not involve a cost.
- **Acquisition** – the property is conveyed to the development entity

The next hurdle in property development is to answer the questions, who will develop the property and how will it be financed. As with how the property is going to be controlled and who is going to develop it, there are several methods of financing acquisition and development of industrial product that have advantages, limitations, and difference applications.



Options for Development

The following information outlines options as to how a local government, or an entity acting on its behalf, might undertake the development of one or more industrial/business parks through its sole efforts, or how two or more local governments can partner together to engage in a development effort.

First, this section will address options and recommendations applicable to a local government or a representative entity such as an economic development organization, undertaking a development effort without the involvement of another local government. Secondly, options and recommendations as to the structure of a multi-jurisdictional industrial/business park effort will be commented upon.

Single Jurisdiction Development

Development Entity

A local government can undertake this development effort in its own name, which provides the most direct control of the project. In addition, to the extent that traditional public financing is used for land acquisition and/or development, a lower interest rate might be available to a local government than the interest rate another entity might have to incur.

However, there are inherently many more advantages to having an entity other than the local government, such as a nonprofit economic development organization, serve as the development entity. Some of these advantages are:

- Limited Liability
- Private Funds
- Confidentiality
- Infusion of Expertise
- Greater Business Flexibility
- Perception
- Political Repercussions

For all the reasons outlined above, it may be desirable that a separate economic development entity be utilized as the party responsible for land acquisition, land development and marketing, as opposed to a government entity.

There are several types of economic development entities which might be utilized as the development party in this type of project. These would include:

- 501(c)(3) Nonprofit Corporation.
- 501(c)(6) Nonprofit Corporation

- For Profit Corporation or Limited Liability Company
- Economic Development Authority

As stated earlier in this discussion, there can always be specific circumstances which call for a different approach in a particular locality. However, it is generally the case that a 501(c)(3) nonprofit corporation is, for several reasons, a very effective vehicle as the development party for this type of effort. Consequently, this form of entity is often recommended.

Government/Development Entity Interrelationships

Even if an entity separate from the local government is utilized as a development party, the local government would continue to be intimately involved in the development and recruitment effort. By virtue of the funding which would come from the local government, and of the matters which would have to be brought back before the local government board, the local government would continue to have a strong influence or control over the development project, even though the local government's representation on the Board of the development entity would be in a distinct minority. Some of the mechanisms which allow the local government to continue to have great influence are:

- Memorandum of Understanding
- Regulatory Approvals
- Incentive Approvals
- Financing

All of the above would assure that the local government stays involved in the activities of the development entity. Consequently, even without having direct control over the affairs of the development entity by way of a majority on that entity's governing Board, it would be highly unlikely that the development entity would stray far from the overall direction deemed appropriate by the local governing board

Administration and Management

If this development project is undertaken by the local government in its own name, the administration and management of this effort would likely be carried out by staff of the local government.

The local government could contract with a private sector entity to carry out the development efforts on this project. However, the obligations for oversight and ultimate management control would rest with officials of the local government. It would be likely, and there are many cases in which the local economic developer has been heavily involved in the development effort and largely responsible for the marketing effort.

If this development project is handled by a separate development entity (such as a 501(c)(3) nonprofit corporation), it would be likely that more of the responsibilities for development would fall upon the local economic developer. Local government staff would still be called upon

for help on certain matters, but by the nature of this being handled through a separate entity, it is likely that local government staff would be much less involved in the development effort.

It is conceivable that staff could be hired for the separate development entity, which would be in addition to the existing economic development staff. However, it would not be advisable to create an entity which stands entirely disconnected from the economic development program.

Given the volume of work normally on-going in local economic development programs, and the amount of work which would be necessary to follow through on this industrial/business park development effort, it would likely be desirable to add to the staff of the local economic development program, so that other on-going activities do not fall by the wayside due to the demands of the development project.

There is no one right way that this type of development effort might be staffed and managed. This should be worked out in many ways to fit local circumstances.

Financing

There are many options as to how development can be financed, depending upon local needs and preferences. In general, the options on financing approaches would be different depending upon whether the development party was the local government, or a separate entity.

If the local government acquired the land and carried out development functions, some of the ways by which these costs might be covered are:

1. Cash Reserves
2. Local Government
3. Installment Sale
4. Equity Participation Arrangement
5. Options
6. Combination of the Above

If a separate entity, such as a nonprofit corporation, acquired the land and carried out development functions, a number of the financing mechanisms described above would apply and some of the other ways by which these costs might be covered are:

1. Cash Appropriations
2. Bank Financing
3. Bond

Multi-Jurisdictional Development Efforts

Some states have a very detailed statutory structure which makes entering multi-jurisdictional industrial park arrangements very set and determined. Some states do not have such a provision. However, it is quite often the case that when there is no specific statutory authority, other local

government statutes can be looked at to build up the authority necessary for two or more local government entities to share in the cost of developing a business/industrial park and to share proportionally in the benefits.

In structuring these arrangements, it can be done where one local government entity acts as an agent of the other local governments, or where the local governments through a development agreement all share in the decisions regarding the development, marketing, and sales of land within a shared business/industrial park.

Yet, for a number of reasons, it is also desirable to consider doing this through a central economic development entity which reduces the matters that have to be taken on an on-going basis to several local government boards. The central entity would then contract with all of the cooperating local governments to carry out the project. This central entity could be one of the types of non-profit corporations referred to above, or some other type of entity.

The discussion in the first part of this section which evaluated the benefits of utilizing a local government as a development entity or a separate economic development organization apply equally to this analysis. Adjustments would be necessary and can be made by virtue of the fact that several local governments would enter into the arrangement with the central economic development entity. Also, the discussions above regarding financing options would in general apply equally to a multi-jurisdictional industrial park arrangement with obvious changes necessary to fit with the fact that multiple local governments might be involved.

Conclusion

The above information provides options as to the framework by which industrial sites/parks could be acquired and developed.

The properties identified as having high potential for industrial development present terrific opportunity, but also represent a major undertaking in terms of capital investment and staff time. This is especially true with the Williams Farm property. But, if Chesapeake is to advance to the next level of economic development, it is imperative that it develop quality product for its inventory.

The development of these properties may be undertaken by Chesapeake alone or in partnership with other entities as described above. There was much discussion during the data gathering portion of this report about Chesapeake being the product provider for the Region, and these properties could very well accomplish that mission. Some properties could be developed solely by Chesapeake, while others are developed by a consortium of municipalities and other entities. The Williams Farm will be such a massive undertaking, and has such potential, for not only the Region but for the state, to attract a transformational project that it may be best approached with a team that includes municipalities, the state, and other appropriate development partners.

Which properties and in which order they will be developed, how the properties will be secured, the structure to be utilized for development, how the acquisition and development will be financed, and what partnerships, if any will be formed to facilitate the development are all questions that need to be addressed. And when a shell building or buildings are thrown into the mix, there are some critically important and time sensitive decisions that lie ahead for the Chesapeake leadership.



Partnerships and Allies

As has often been said, economic development is a team sport. Successful economic developers and organizations realize that they need assistance and support for their various undertakings, and enlist partners and allies to achieve their goals. Team members change depending on the project parameters and needs, and the attributes each potential team member could contribute to the overall effort.

Product development is a major undertaking for any economic development organization, and in the context of the properties identified here, it is even more of a daunting task for the Chesapeake DED. In all areas of economic development, it is prudent for an organization to leverage all its partners, allies, and resources to achieve optimum results. With product development, and given the magnitude of the South Battlefield, Landing West, and Williams Farm properties, it moves to a greater level of importance.

After a decision has been made as to which properties to move on, and in which order, Chesapeake should assess its potential development team members and set meetings with each to determine their interest and what their roles may be in the overall process. Meetings should be set with:

Private Sector Developers

Information gathered during the development of this study gave a strong indication of the willingness and desire of the private sector to develop industrial property and that they would like to be part of the process. This is a perfect opportunity to discuss the development of one or more of the identified properties in partnership with a private developer, or maybe a consortium of developers. As an example, the partnership may be structured such that the public sector provides the utility infrastructure-water, sewer, electric, natural gas lines and service roads and the private sector secures the property, designs the layout of the property, and does basic site prep for common areas. It goes without saying that this type of partnership would require very detailed legal documentation outlining the rights and responsibilities of all parties.

Utilities

These service providers will necessarily be involved in product development regardless, so the earlier they are brought to the table the better. Any program that they may have that supports product development should be explored and leverage to the fullest extent. Again, after the potential sites have been selected and prioritized, meetings should be scheduled with the utility providers that serve the respective properties. The meetings should include providers of:

- Electrical service
- Water and sewer
- Telecommunications
- Natural Gas (if available)

- Rail (South Battlefield, and potentially the Williams Farm if the decision to market it as an automotive site)

Other Municipalities/Governmental Agencies

It was noted several times by different participants that, with an aggressive development program, Chesapeake could be the economic development product supplier for the region. To that end, Chesapeake may want to engage some of the other communities in the Hampton Roads Economic Development Alliance in discussions on cost sharing in the development of some of the properties, which would also carry with it revenue sharing of any profit on land sales and taxes derived from a company establishing an operation on the property. Such relationships can be beneficial but are also complex and will require governing board approvals and legal documents. The decision to engage other municipalities should be carefully weighed after the projects have been identified prioritized, and a development strategy has been formulated. In addition, the DED should strengthen or establish a relationship with the federal government, in particular with the Department of Defense, to position itself to leverage opportunities with the Navy and Army.

Note: Although there were no properties brought forth in this report, save for the Williams Farm, that have cross-border collaboration potential there are such sites that would lend themselves to such a venture. Camden and Currituck counties in North Carolina neither have a large industrial base nor may be interested in enhancing their prospects to attract quality companies and their investment and jobs. Having said this, Sanford Holshouser does not recommend this as something that Chesapeake should act on immediately but should keep this in mind as opportunities may arise.

The State of Virginia

Regardless of which property or properties that Chesapeake elects to pursue, the State must be its partner in some form or fashion, at the most fundamental, the State and the VEDP will be involved in cataloging and marketing any product developed by Chesapeake. They should be engaged early in the process to take advantage of their expertise and also to imprint a sense of ownership and, thereby, responsibility for the success of the project. In the case of the Williams Farm, especially if it the decision is made to market it as an automotive OEM site, the State should take on a larger partnership role potentially providing special funding and developing and initiating a marketing program centered on the property. State programs such as GoVa and the Virginia Business Ready Sites should be utilized as much as possible to facilitate the development and marketing efforts on other sites as selected.

GoVirginia

The Virginia Initiative for Growth and Opportunity in Each Region (GO Virginia) was initiated by the Virginia Business Higher Education Council (VBHEC) and the Council on Virginia's Future to foster private-sector growth and job creation through state incentives for regional collaboration by business, education, and government. Recognizing the harsh effect of deep federal budget cuts on a Virginia economy that is

overly dependent on public-sector jobs, business leaders formed the GO Virginia campaign to work for regional cooperation on private-sector growth, job creation, and career readiness.

Virginia Business Ready Sites Program Site Characterization

The Virginia Business Ready Sites Program (VBRSP) was established to promote the assessment of the business readiness of potential sites in the Commonwealth of Virginia (the Commonwealth) and to provide grants to support the business readiness development of such sites, thereby enhancing the Commonwealth's infrastructure and promoting the Commonwealth's competitive business environment. The VBRSP is a discretionary program administered by the Virginia Economic Development Partnership (VEDP).

Additional information on these two programs is contained in the Appendix.

Funding Agencies

Organizations that provide grant funding for economic development should be identified and their programs researched for applicability to the projects selected by Chesapeake. Potential uses of grant funds are planning and design, due diligence, infrastructure development, among others. A short list of grant funding agencies or organizations include:

- USED A (Economic Development Administration)
- USDA
- GoVirginia
- Virginia Business Ready Site Program

Establishing or enhancing relationships with these agencies will be beneficial for Chesapeake and could assist in obtaining or leveraging other grant funding for the current or future projects. As part of any site development plan, identification of multiple sources of funding needs to be conducted as a top priority.

Note: From experience, the consulting team knows that many funding agencies, particularly the USED A, view regional collaborations very favorably when considering grant applications. This should be kept in mind when considering partnerships for projects.

Other Organizations and Agencies

Participants in the development of the plan cited other organizations and agencies that are not included in the categories above, but could provide opportunities to advance the efforts of the DED. They include:

- United States Navy
- United States Army
- United States Department of Defense

- Virginia Ports Authority
- Local Colleges and Universities
 - 1) Tidewater Community College
 - 2) Old Dominion University
 - 3) Regent University
 - 4) EVMS/Jones Institute
- Virginia Maritime Association
- Norwegian-American Chamber of Commerce
- International Coffee Exchange

These organizations should be contacted to determine if there are aspects of their mission and those of the Department of Economic Development that overlap. If so, further discussion should follow to identify areas of collaboration. The DED should be alert for opportunities with other groups that do not fit the traditional role of economic development allies and partners.



Goals, Recommendations, and Action Steps

The following are the consulting team's recommendations based on the information received and analysis performed during the research for this plan, economic development best practices, and our partner's expertise in these areas. The recommendations are grouped in the four main categories that directed the development of the study. They are: Organization Improvement, Focalized Markets/Marketing Enhancements, Prospect-Ready Product Improvement, and Partner and Ally Cultivation.

These recommendations and their action steps for implementation will shape the efforts and direction of the organization for the next three to five years, and even beyond. Economic development is a never-ending process, and programs instituted today will have a ripple effect that resonates across time, and can have impact many years in the future. With that in mind, the recommendations are listed in priority order and with estimated timeframes for completion. The sheer number of recommendations do not allow for their implementation in any one year. Further, as some are long-term and some that will be on-going, Sanford Holshouser suggests that the Department of Economic Development and the Chesapeake Economic Development Authority Board thoroughly review and discuss the recommendations and select items for annual plans of work based on organizational goals, those that have the most critical needs, and those that have the highest and most immediate potential for a positive return on investment.

Organization Improvements

Recommendations

☐ **Keep program focus on Attraction, BRE and FDI**

All human and financial resources should be focused on those things that create the highest number of sustainable and high-wage jobs. Additionally, focus needs to be on those areas of economic development where Chesapeake is best positioned for success.

☐ **Increase overall budget (personnel and operations)**

Chesapeake DED must increase its budget in order to implement new initiatives and to progress in economic development success. The budget has been essentially flat for several years and the Chesapeake runs the risk of getting "stuck" in its current position unless new financial investments are made in its mission.

☐ **Add Project Manager Position**

The current staff is stretched in managing all the programs that the DED currently operates, but they have been very successful implementing their plan of work. However, if the organization is to move to the next level and undertake the initiatives

recommended in this plan, such as an increased emphasis on new business attraction and FDI, among others, it will need additional staff. It is recommended that a Project Manager position be added, not dedicated to any particular area, but classified as a generalist which would allow that person to be assigned where they would have the greatest impact at any given time.

☐ **Refocus current Project Manager with retail responsibilities to attraction/retention & expansion**

Currently one of the senior project managers is often pulled off attraction/BRE/FDI duties to deal with retail oriented issues and projects. As was noted earlier in the report, retail, while important to quality of life, is driven by demographics, traffic counts, etc., recycles dollars in a community as opposed to creating new dollars, and typically creates lower paying jobs having a lower impact on the overall economy. For those reasons the sector is not a recommended target for the DED. In order to step up activities as described in the previous recommendation, this project manager should remain focused on those areas that have greater potential to attract the quality jobs and investment desired and their diversion to retail activities should be kept to a minimum or eliminated.

☐ **Reorganize under a team structure**

Currently the DED, like many government originated agencies, is organized in a departmental model. This model tends to erect “silos” between individuals and areas of responsibilities. Flexibility is key in successful economic development, and a team structure re-organization will allow the Department much more flexibility and increase team identity versus individual/departmental identity.

☐ **Develop a skills inventory of all employees**

In addition to re-organizing into a team structure, the DED has a staff with a multitude of talents and skills that can produce high quality and impactful output for effective communications and project marketing and pursuit. Conducting a skills inventory of the staff will allow specific skills to be brought into project teams as needed to improve the overall quality of output.

☐ **Review and update software for contact management, project tracking, marketing, and results calculation**

The Department collects a lot of data but it needs to find more efficient tools for accessing and reporting that data across platforms for various purposes. Currently there is a disconnect between different data collections and it is difficult to pull data into single reports so that management can easily track goals, progress, efforts, success and financial health. A review of all software/data systems needs to be conducted to provide better integration of all data sources.

- ☐ **Thoroughly review and modify how all data for the organization is kept, coded, updated, and reported to improve ability of management to easily determine status and success of the program**

There is an old saying about data: “Junk in = Junk out!” The DED maintains a vast amount of information but there seems to be difficulty in making useful sense of that information. The DED should review and standardize how financial, marketing, project, etc. data is coded within its software systems so that meaningful reporting can be accomplished for management and others who need to see trends and track performance of the organization.

Focalized Markets/Marketing Enhancements

Recommendations

- ☐ **Focus on markets identified in the Target Sector Analysis and increase budget and activities aimed at new business attraction**

The research conducted in this analysis identified the best market sectors to target based on Chesapeake’s workforce, location, existing businesses and a variety of other factors. All efforts, tracking of efforts and resources committed should be tied to these top sectors.

- ☐ **Increase direct FDI efforts**

Chesapeake has shown success in recruiting foreign direct investment (FDI) in the past and has many community attributes that are conducive to attracting more FDI for the future. Chesapeake should make FDI a key component of its recruiting efforts leveraging existing FDI business relations and conducting marketing missions to foreign markets on its own, in addition to those with other allies/partners (such as HREDA, VEDP).

- ☐ **Implement a direct FDI supply chain program leveraging existing FDI companies in Chesapeake**

As part of an FDI recruitment program, The DED should partner with existing FDI businesses in the city to pursue the foreign and domestic companies in their supply chain. As part of this pursuit, the Department can jointly host, with a different existing company each year, a FAM tour/event inviting foreign supply chain companies of the existing business to Chesapeake to learn more about locating in the city.

- ☐ **Create a unique brand for Chesapeake/the Department of Economic Development**

Repeatedly during the SWOT analysis and focus group input the issue that Chesapeake was not “unique” or did not possess a clear and strong brand was

discussed as a major weakness. It is essential for Chesapeake to conduct a brand development that will distinguish it in a crowded attraction marketplace.

☐ **Review ensurance protocols within the current product submission process**

The consulting team identified a potential risk in the method by which the DED was selecting economic development product for submission in response to requests for information, or proposals for active projects seeking a location for a new or expanded facility. During the process of developing this plan, new protocols have been implemented that provide a high level of confidence in the availability of properties submitted for consideration for a project. These protocols will help minimize these risks associated with submitting inaccurate information to site selection consultant or corporate officials which could result in damaged credibility of the organization and loss of future opportunities. The DED should continue to employ these protocols and continuously review them to identify any future weaknesses and potential enhancements.

☐ **Promote product inventory widely**

The DED does not routinely list its product inventory on the VEDP available sites/buildings tool, Virginia Scan. The wider a message is spread, the more it will be heard or seen. The same is true with marketing economic development product. Further, the easier it is for a site selection consultant to locate a suitable site the more likely that site will be placed into the mix for consideration for a project. Therefore, the DED should leverage every opportunity to list and thereby promote, its product inventory as widely as possible.

Prospect-Ready Product Development

Recommendations

☐ **Create and institute an internal product inventory system**

In addition to the ensurance protocols recommended earlier, another step that should be taken to enhance the confidence of the availability of product to meet the requests for information for active projects is to create an internal system to list and track available product in Chesapeake. This internal system will give a higher level of confidence in the availability of product and gives the organization more control over its direction by reducing the level of reliance on outside sources for inventory. The DED should engage all appropriate partners and tools to assist in this endeavor, especially the new GIS Planning capabilities. The internal inventory would be in addition to CoStar and would include those properties that the DED owns, controls, or has a signed document with the owner, stating that the property is for sale or lease and under what terms and conditions. This report has confirmed that Chesapeake is deficit in quality economic development product, and has identified several

properties that are suitable to be developed for industrial purposes. These properties, and others that may be identified as the process of expanding the inventory of industrial sites intensifies, would form the foundation of the internal inventory. A database, which can be as simple or as complex as desired should be constructed and maintained to track and monitor these properties. At a minimum, the database should include: acreage, sales/lease price and conditions, highway access, utility availability-water/sewer, electricity, natural gas, telecommunications, and the term of the document securing the property. The database should also include a section for available buildings that fall under the same condition as those listed above for sites. In addition to information such as sales/lease price and conditions, infrastructure, etc., this section of the database would contain items such as square footage, ceiling heights, dock doors, among others. that would be specific to buildings.

☐ **Conduct due diligence research on proposed or potential OEM automotive facilities**

As was noted, the Williams Farm has similar or better characteristics of sites recently selected for new OEM automotive facilities, and it was suggested that it should be marketed as such. However, the planning and development of the property for that purpose is counterproductive if there are no potential projects that would need such a site. Therefore, before investing time, effort, and funds in pursuing this path, it is prudent to conduct research into any future needs in this area. If there is sufficient evidence that there are projects that will be forthcoming, then strategies should be formulated to develop and promote the property for that purpose.

☐ **Review properties identified during the development of this plan as having potential as industrial sites/parks**

Several properties with potential for use as industrial sites/parks were identified during the development of this plan, and conceptual layouts were developed for four of them. A thorough review of the properties should be conducted by the DED to determine those that hold the best opportunities for the organization and the city.

☐ **Conduct extensive engineering, environmental, geotechnical evaluations on properties identified as having the highest potential**

From those sites deemed worthy, and with the highest potential for success, extensive engineering, environmental, and geotechnical evaluations should be performed on those properties. This information will answer questions about suitability for development which will be valuable as the DED plans next steps in their product development efforts and for submission to site selection consultant requests as well.

☐ **Construct a development potential matrix**

The next step after the engineering, environmental, and geotechnical evaluation is the creation of a development potential matrix. The properties should be prioritized in

order of their development potential. The matrix will provide a method of comparison of the properties and direction as to which possess the best potential for development.

☐ **Identify and engage private sector developers and builders**

It was stated numerous times during interviews and focus groups that there is strong interest by the private sector in developing industrial properties and that they would like to be part of the process. Private sector developers and builders should be identified and their interest in developing industrial product, either by themselves or in partnership with the DED, gauged.

☐ **Create detailed development plans for each property selected for development**

Detailed plans for the properties selected for development should be created to outline all the pertinent aspects of the process and should include: timeframe, funding sources, project elements, and responsible parties, etc.

☐ **Develop property for industrial uses**

All the recommendations and action steps that have come before in this section have led to this. Without acting on this recommendation, all the rest were for naught. Using the information in the development matrix and the development plans, Chesapeake should embark on as aggressive a site/industrial park development program as is possible. This report also confirmed that Chesapeake suffers from a severe lack of available industrial buildings. However, shell buildings are not a popular undertaking for the public sector, and there is no appetite evidenced by the city to embark on such a program. However, the building deficit is real and may cause lost opportunities for Chesapeake. The consulting team does not recommend that the city construct a shell building, but it does recommend that opportunities with the private sector to facilitate the erection of such an industrial facility be explored and considered.

☐ **Create a Chesapeake branded site qualification program**

Economic development is an ultra-competitive environment and any tool that can be used to help an organization or location stand out among the crowd should be employed. The same applies to economic development product. Anything that distinguishes one site from those offered by other locations is of great benefit. A branded prospect-ready site program, which would be a step beyond the Virginia Business Ready Sites Program, could provide that advantage for Chesapeake. Further such a program could provide essential information eliminating questions site selection consultants may have about a property.

☐ **Create a Chesapeake branded building qualification program**

Although prospect-ready building programs are not as prolific as those focused on sites, they do exist. And they provide similar competitive advantages for the communities that possess such programs. The development of a branded prospect-

ready building program should be adopted as a compliment of the site program, covering both aspects of economic development product.

Partner and Ally Cultivation

Recommendations

☐ Define universe of potential partners

There are numerous agencies and organizations that could provide valuable assistance to advance the mission of the DED. Some have an economic development component while others may not, but their mission and goals are compatible with those of the DED. These agencies and organizations include both the public and private sectors. Organizations and agencies that are in Chesapeake and those that have a business interest in the city should be listed as potential partners.

☐ Schedule meetings with selected CEOs of potential partner organizations

After the universe of potential partners has been created and evaluated, the next step should be to schedule meetings with the most senior executive of the entity to discuss potential areas of collaboration.

☐ Formalize the relationships with partner organizations

To ensure that everyone understands their roles and responsibilities, the consulting team believes that it is always best to define the relationship with a written document in the form of a Memorandum of Understanding (MOU)

☐ Create a CEO/Executive Council

A strong desire was expressed during the focus groups and interviews to form a CEO/Executive Council to advocate for economic development, the DED, and other issues that promote the growth and development of Chesapeake. This group would be different from the existing industry council as it would include members from all sectors, business, and commercial, retail, medical, etc.

