

*90 Miles Of Shoreline.
360 Degrees Of Opportunity.*

2015 Annual Report



Director's Message

While Portsmouth is a city steeped in history, 2015 brought a wave of new changes and opportunities for the future. The most exciting change for me was to be selected as the new Director of the Department of Economic Development. With nearly three decades of experience in the economic development field, two of which were spent in Portsmouth, you can rest assured I have hit the ground running.

In 2015 we designated Strategic Growth Areas (SGAs) to identify sections of the City where economic development opportunities and potential for growth exist. The five primary SGAs, spread over 10 distinct areas in the City, are Commercial Waterfront, Industrial Waterfront, Interior Commercial Development, Greenwood/Elmhurst industrial corridor and Port Assets. Based on a combination of research and analysis, the Department is creating a customized approach to marketing each area for development.

Also in 2015, we evaluated and updated our target markets and industries. The list includes: Maritime and Port-related Businesses, the Community Business Initiative, Multi-Family Development, Retailers/Restaurants, Modeling and Simulation, and Craft Breweries. These six target areas shape how we handle business outreach, marketing and advertising, trade show attendance, seminar sponsorships, and staff education and training. You will read about some of our successes in several of these markets and industries in the pages that follow.

We unveiled a new marketing theme in 2015 - *"90 Miles of Shoreline. 360 Degrees of Opportunity."* - which illustrates what makes Portsmouth unique: amazing geography and a welcoming business environment.

continued next page



Mallory C. Butler, CEcD
Director
Department of Economic Development

Director's Message

continued

The tagline was first introduced in *Virginia Business* magazine when we doubled our efforts to grow Portsmouth's robust maritime industry, and will continue to be used in all of the Economic Development's marketing materials promoting the City.

The Department is committed to fostering a business community that encourages entrepreneurs to establish and grow their businesses in Portsmouth. To entice entrepreneurs to think of Portsmouth, we kicked off a series of "advertorials" on *AltDaily.com*, an online publication with a unique and independent voice in the Hampton Roads region. The stories highlighted our desire to establish a craft brewery scene and showcased our attractive new multi-family living options. Each piece featured what we already know and others are learning: Portsmouth offers something for everyone, from Millennials just starting out to Boomers eager to begin their next phase of life. These articles were viewed by more than 30,000 people throughout the region.

The Department continued to market and maximize a series of incentive tools to include the Virginia Enterprise Zone Program and the Economic Development Authority's Local Incentive Program. In the pages that follow, you will read about these incen-

tives and the benefits they provided Portsmouth businesses and property owners. Additionally, the Department staffed the Economic Development Authority and the Portsmouth Port & Industrial Commission.

With so many exciting changes and new opportunities on the horizon for Portsmouth, one thing remains the same – our commitment to the City's businesses and residents. We are dedicated to maintaining an environment where businesses can thrive and residents can take advantage of all that our incredible City has to offer, while making sure others in the region, the state, and beyond know about the opportunities in Portsmouth, all 360 degrees of them!

PORTSMOUTH ECONOMIC DEVELOPMENT 90 Miles of Shoreline, 360 Degrees of Opportunity.

When Will the Craft Brewery Craze Hit Portsmouth?

October 11, 2013 by [WPH Staff](#)

Those of us who follow the blossoming craft brewery scene in Hampton Roads are positively giddy at the number of breweries opening here in the near future. Just a few short years ago you could have counted all of our breweries on one hand (with fingers to spare); soon you will need to borrow a friend's fingers and toes.

As exciting as it is, there is still ample room to grow, and there is one very deserving underserved market to which to do it. If you were to mark all of our craft breweries on a map you would see one area that is getting overcrowded, yet straight looking it's one made Portsmouth.

For many of us, when we think of Portsmouth and beer we think of one place: *The Blue Garden* (below). It's a beloved local spot, and I think it is an indication of the potential for the beer scene in the city. Old Town Portsmouth has a charm that most cities down about; we will often hop on the ferry from Norfolk, not to wander around there, and I occasionally make a special trip just to go to the Blue Garden.

If there were also a brewery there the incentive to make the trip would increase drastically. I know from speaking with some of the new brewery owners that the city of Portsmouth has recruited heavily to get a brewery, but that for they haven't been able to do so. The question of who is responsible, but the fact remains that Portsmouth is a great opportunity for the right operation.

Fairly unique to the craft brewing industry is the idea of clustering. Whereas in many business models it makes more sense to be isolated from your competitors, for smaller scale craft breweries it makes more sense to cluster. The idea is that patrons visiting one brewery will likely go to another one that is close by and are more likely to travel to an area with multiple options, therefore everyone benefits. It works, but at some point an area becomes saturated and the effect to the smaller breweries is lessened. On the other hand, someone can certainly be found in isolation. One would look no further than the success enjoyed by *Big City to Chicago* (below), and that is the model that would initially work for Portsmouth. They need someone to be first, a quality brewery in a great location.

THE SCENE
Highlighting 757 Artists
New Episodes

WATCH ALL TIME

Search the site.

CLICK HERE TO SIGN UP FOR OUR NEWSLETTER

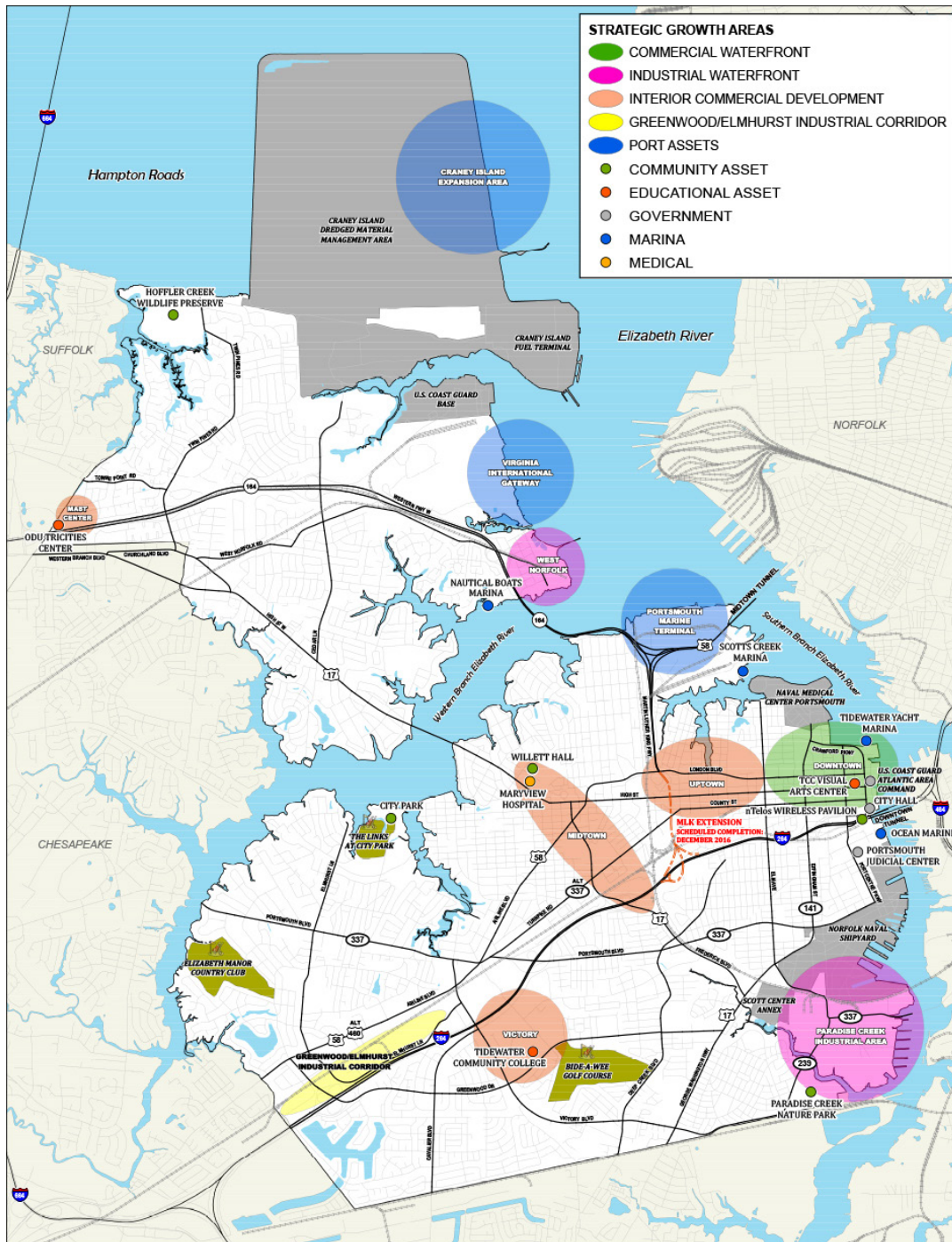
THE FLYING DUTCHMAN
APRIL 8, 10 & 12, 2014
HARRISON OPERA HOUSE
NORFOLK, VA

FOLLOW US ON FACEBOOK

THE FLYING DUTCHMAN
NORFOLK, VA

There's a party at 10:00 PM, and more...
Be sure to check out the show.

Be sure to check out the show.



Strategic Growth Areas (SGAs)

Sections of the City where economic development opportunities and potential for growth exist.

· [Click here to download our Strategic Growth Areas Map](#)



Maritime - Putting the “Port” in Portsmouth

With its unique position on the water, Portsmouth lays claim to a long and rich maritime history. Its proximity to the water continues to guide the City's prosperous future. Numerous ancillary businesses are required to support our maritime industries, including storage and transportation, marine and commercial clean-up, ship repair, and equipment. Highly skilled labor is a must, and we have a specialty staffing firm ready to provide trained workers. Portsmouth is home to two-thirds of the Port of Virginia's container terminals, making for a bustling harbor and lots of opportunities.

Maritime Highlights

In 2015 we welcomed new businesses and announced expansions of existing firms to include [InterChange Group, Inc.](#), a third-party logistics firm. The company chose Portsmouth for its ideal location close to the port terminals, as well as interstate



highways I-264 and I-664. The company's new 200,000-square-foot warehouse will replace the former Gwaltney Plant at 2175 Elmhurst Lane. The project represents a \$5 million private investment in the City.

Another new business is [ZPMC](#) (also known as *Shanghai Zhenhua Heavy Company*), a manufacturer of heavy-duty port equipment headquartered in China. The company established its new 7,500-square-foot East Coast office at 4018 Seaboard Court in the Greenwood/Elmhurst industrial corridor. The company designs, manufactures, erects, commissions, and ships equipment and also offers after-sale servicing and development of new port machinery products. It is the largest heavy-duty equipment manufacturer in the world.

[PER Properties](#), a company specializing in the storage and shipment of grain and agricultural products, as well as wood and wood-related products, received approval to expand their plans along the Southern Branch of the Elizabeth River to include a concrete facility. The entire development will span 16 acres and represents private investment of more than \$3 million. Site work is underway.



Existing maritime companies contributed to the City's growth too. [Vane Brothers Company](#), a multi-faceted marine transportation company, announced the expansion of its waterfront facility at 4565 Burtons Point Road. The company is investing \$1.5 million in the construction of a 15,000 square foot office building. Headquartered in Baltimore and established in 1898, Vane has been providing maritime transportation services, including tugs and barges, in Portsmouth since 1999.

Maritime Highlights

Accurate Marine Environmental Inc., (pictured right) a provider of marine and industrial tank and bilge cleaning, completed a \$700,000 investment in their pier and bulkhead along the Southern Branch of the Elizabeth River at 3965 Burtons Point Road.

Expansion continued in 2015 with NSC Technologies, a shipyard staffing and employment agency with offices in five states, relocating and expanding its headquarters from Mount Vernon Avenue to 500 Crawford Street in Downtown. The company provides staffing and flexible workforce management solutions to maritime businesses throughout the country, and is one of the leading agencies in the industry. The office occupies 6,575 square feet and includes 40 of the firm's executives and staff.





Retail

The City continued to attract new retail stores and restaurants in 2015, and numerous longtime businesses expanded. Residents enjoyed an ever-growing selection of new employment, shopping, and dining options, while the City benefited from new revenue from taxes on retail sales and meals.

Retail Highlights

The *Midtown Marketplace Shopping Center* continued its phased opening in 2015 with the addition of inline shops adjacent to the center's anchor *Kroger Marketplace*. Kroger opened in late 2014 and paved the way for inline national retailers such as *T.J. Maxx*, *Hibbett Sports*, *Cato Fashions*, and *Sally Beauty Supply*. These stores, along with site work on several outparcels, represented more than \$30 million of private investment and spurred additional development in the Midtown area to include another \$5.6 million investment by *AutoBell* and *Wawa*.



HomeGrown, a new Downtown eatery at 455 Court Street, opened its doors. Owners Hope Dennis and Nic Hagen offer an extensive menu featuring local, farm-grown meats, salads with fresh ingredients and pizza, along with an eclectic craft beer and wine selection.

Skipjack Nautical Wares and Marine Gallery relocated its Downtown store and expanded to 620 High Street. The new location allowed the specialty store to enlarge its showroom for the display of nautical antiques and home furnishings and custom furniture, lamps, lampshades, and lighting.



Racing on the Hudson, an original painting by marine artist James Edward Buttersworth

Orzo Studios, a hallmark of the City's Downtown arts and culture scene, expanded into 600 Court Street. The popular shop offers weekly classes, workshops, and - for experienced artists - studio memberships.

Retail Highlights

continued



Humboldt Steel opened at 501 High Street in Downtown. An independent-owned and locally-operated restaurant and bar featuring San Francisco-style pizza available by the slice. The eatery also offers beer and spirits, including 40 craft beers on tap and more than 60 varieties of bottled beers.

Global supermarket chain **Aldi** celebrated the grand opening of its first Hampton Roads location in late 2015. Located at 5811 West High Street in the Churchland neighborhood, the new food store offers shoppers 10,000 square feet of discount groceries.

Planet Fitness, a popular and budget-friendly gym, announced plans for its second Portsmouth gym. The fitness center will be located at 1907 Victory Boulevard in the Triangle Shopping Center near the Cradock neighborhood. The new gym represents \$2.2 million of private investment. It will be open 24 hours a day, 7 days a week, and add lots of new energy to the center.





Multi-Family

For nearly two years three firms have been busy eyeing Downtown Portsmouth for multi-family development. And it culminated in 2015 with the completion, construction, or announcement of nearly \$100 million in private investment and close to 800 units.

Multi-Family Highlights

Completed developments included *The Quarters at Park View*, a \$17 million apartment community by The Whitmore Company offering 140 luxury units. Whitmore began construction of two more developments in 2015: *King's Court*, a 46-unit community and \$6.3 million investment, and *Sterling Court* a 67-unit apartment building representing another \$9.2 million investment. Both are expected to be ready for occupancy in summer 2016.



The Economic Development Authority (EDA) sold one site and put another under contract for multi-family development with The Breeden Company. The \$17.1 million *Harbor Vista* development broke ground on 134 units in July 2015. Once Harbor Vista opens in 2016, The Breeden Company is scheduled to buy the two-acre "*North Pier*" site next to the Portsmouth Pavilion and invest \$25 million to develop 187 apartments on that Downtown site. Additionally, The Breeden Company purchased the historic *Montgomery Square* for \$6.8 million. The 69-unit apartment community was previously developed and occupies three former department stores at the southeast corner of High and Effingham Streets.



And two historic buildings, the *Seaboard Building* and the former *Governor Dinwiddie Hotel*, were acquired by Monument Construction and Development for conversion to multi-family use. Upon completion, Monument's investment in the two renovations will total \$20 million and result in 125 new apartments.



These new apartments are attracting young professionals and empty nesters alike to Downtown. Both demographics are looking to live carefree lives in walkable and bikeable communities near entertainment venues and restaurants, major employers, marinas, and medical facilities. And each group is finding these attributes in new apartments in Downtown.



Enterprise Zones

Incentives are tools for creating a strong economic foundation for the City. Portsmouth utilizes an array of both Federal and state-supported incentives to attract new businesses, as well as to encourage growth of existing companies.

Examples of Federal incentives currently employed in Portsmouth include the Foreign Trade Zone Program, the HUBZone Program, and New Market Tax Credits.

State incentives include the highly coveted Enterprise Zone Program, of which the City has two. Highly competitive, the Enterprise Zone Program is a state and local partnership and one of the most effective methods of using incentives to stimulate economic development.

Enterprise Zones

The City's first Zone was designated in 2010, modified in 2012, and is centered on the commercial areas of Downtown, Midtown, Victory, and the MAST Center, as well as the Elmhurst Industrial Corridor, Greenwood Industrial Park, portions of Airline Boulevard, and the Virginia Avenue Corridor. Portsmouth's second Zone was designated in 2014 and focuses on the City's industrial waterfront areas of West Norfolk, Pinnars Point, and the Paradise Creek/Elm Avenue Industrial Corridor along the Southern Branch of the Elizabeth River.

While the state incentives are the same for both zones, the City's incentives are tailored to each Zone's respective land use and development strategy. Both Zones offer a Business Personal Property Investment Grant, a Machinery and Tool Investment Grant, Development Fee Rebates, and Tax Exemption for Rehabilitated Structures.

Zone #1 also offers a Commercial Façade Loan Program for the Downtown to Midtown area within the Zone, a Corridor Streetscape Improvement Incentive, and a Mixed-Use Development Incentive.

Zone #2 also offers a Real Estate Investment Grant and Environmental Restoration Site Tax Exemptions.

Additional incentive programs include the Virginia New Jobs Investment Program (VJIP) and other state-supported programs such as the Commonwealth Opportunity Fund (COF), the Virginia Investment Partnership Act's Virginia Investment Partnership (VIP) Grant and the Major Eligible Employer Grant (MEE), as well as the Virginia Corporate Income Tax Incentive.



Historic Tax Credits are available through Federal and state agencies for rehabilitated buildings meeting the criteria of those programs. These credits help preserve the rich architectural heritage that contributes so much to Portsmouth's charm and unique character.

A user-friendly and interactive GIS based database allows users to determine if a business or property is located in an Enterprise Zone

► [Visit our website for complete details](#)

Enterprise Zone Program Highlights



State's Real Property Investment Grant

- Five (5) properties
- Grants total:

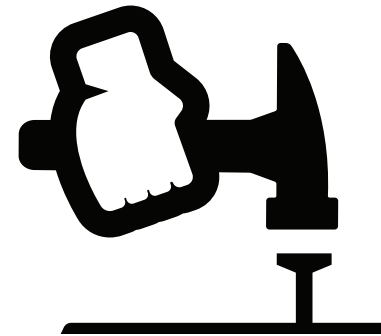
\$334,335



State's Job Creation Grant

- Three (3) companies
- Grants total:

\$18,368



City's Tax Exemption for Rehabilitated Structures

- Twenty-three (23) properties
- Tax exemption total:

\$141,130

The City reports Enterprise Zone results on a calendar year. In 2014, the most recent year available, the incentives offered were instrumental in the redevelopment of numerous properties and the growth of several businesses.

EDA's Local Incentive Program

Façade Improvement Grant - an initiative to visually improve targeted business districts demonstrating a need of public investment to spur further investment from the private sector. Grants are paid as a 50% reimbursement up to \$25,000.

- Seven (7) properties
- Grants total:

\$121,462

Windows of Opportunity Grant - assists commercial property owners with marketing and aesthetically enhancing their street-level retail space using window artwork and space advertising with effective messaging. Grants are paid as 100% reimbursement up to \$2,000.

EDA data from calendar year 2015.

Interior Build Out Grant - an initiative to support commercial property owners and businesses with the rehabilitation of vacant interior space in creating either a vanilla shell space or tenant build out improvements. Existing businesses are eligible if expanding to occupy more than 30% of their current square footage size. Grants are paid as a 50% reimbursement up to \$10,000.

- Two (2) businesses/property owners
- Grants total:

\$16,394



Safety and Security Grant - designed to assist business owners with the costs related to improving safety and security measures. Grants are paid as a 100% reimbursement up to \$2,000.

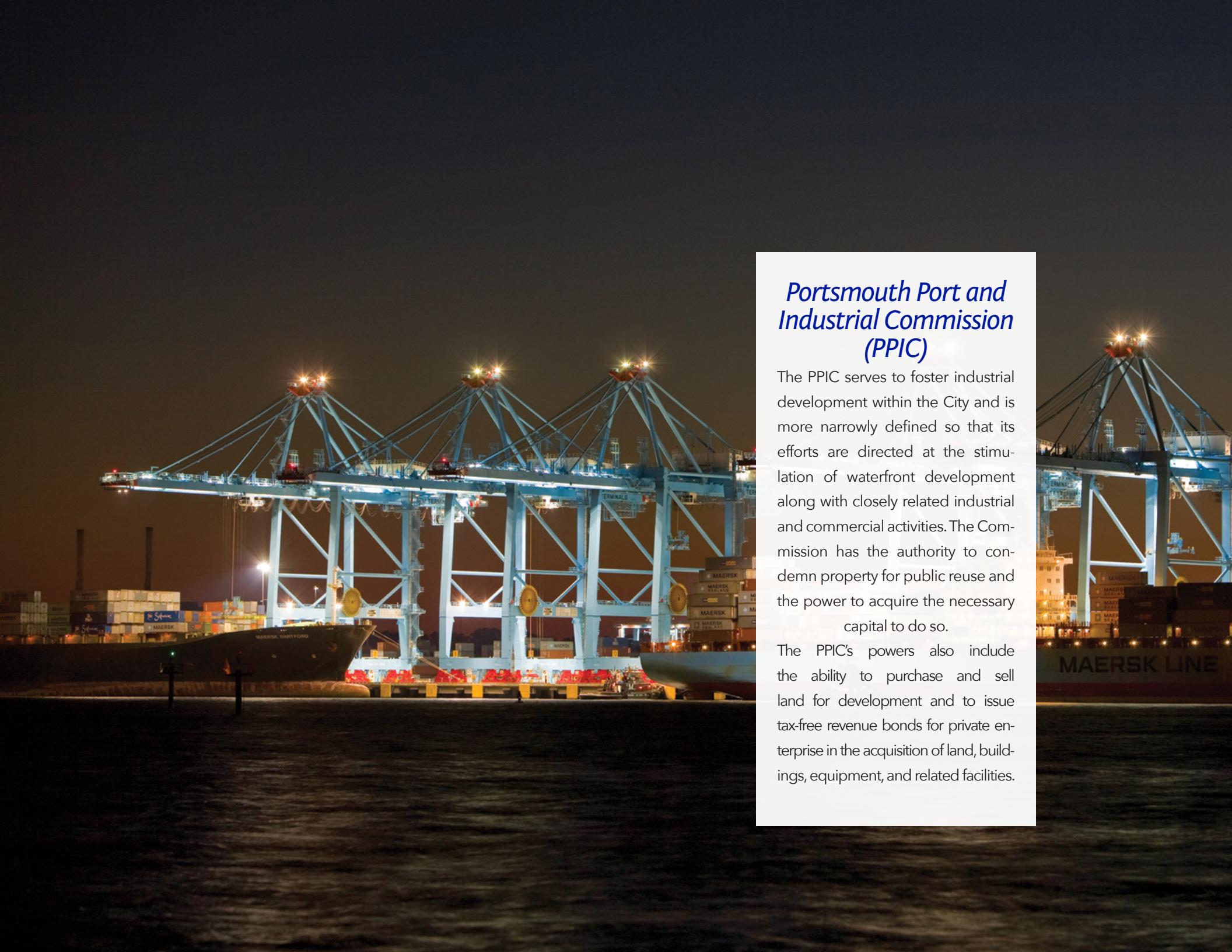
- Three (3) companies
- Grants total:

\$6,000

An aerial photograph of a coastal city, likely New Haven, Connecticut. The foreground shows a large white tent-like structure on a grassy field, a parking lot, and a modern building with a curved facade. To the right is a marina filled with numerous white sailboats. The middle ground is a dense urban area with various buildings, including a prominent church with a tall steeple. In the background, a large harbor with several blue and red container cranes and ships is visible, along with a distant industrial area and a body of water under a clear blue sky.

Economic Development Authority (EDA)

The primary responsibility of the EDA is to foster business growth within the City and thereby create employment opportunities. Some of EDA's powers are the ability to purchase and sell land for development and to issue tax-free revenue bonds for private enterprise in the acquisition of land, buildings, equipment, and related facilities.

A nighttime photograph of a port scene. In the foreground, a large blue gantry crane stands on a barge or pier, illuminated by bright lights. Behind it, a Maersk ship is docked, with its name 'MAERSK' visible on the hull. The ship's deck is filled with colorful shipping containers. In the background, other port infrastructure and cranes are visible under a dark sky.

Portsmouth Port and Industrial Commission (PPIC)

The PPIC serves to foster industrial development within the City and is more narrowly defined so that its efforts are directed at the stimulation of waterfront development along with closely related industrial and commercial activities. The Commission has the authority to condemn property for public reuse and the power to acquire the necessary capital to do so.

The PPIC's powers also include the ability to purchase and sell land for development and to issue tax-free revenue bonds for private enterprise in the acquisition of land, buildings, equipment, and related facilities.

City Council

Kenneth I. Wright
Mayor

Elizabeth M. Psimas
Vice Mayor *

William E. Moody, Jr. **

Paige D. Cherry ***

Dr. Curtis E. Edmonds, Sr.

Danny W. Meeks

Dr. Mark M. Whitaker

*Liaison to the Economic Development
Authority and Portsmouth Ports &
Industrial Commission

** Liaison to the Portsmouth Ports &
Industrial Commission

***Liaison to the Economic
Development Authority

Department of Economic Development

Mallory C. Butler, CEcD
Director*

Stephanie S. France
Business Development Manager

Lee R. Ogelby
Executive Assistant

Betty L. Crummie
Administrative Coordinator

*Assistant Secretary to Economic
Development Authority and
Portsmouth Ports & Industrial
Commission

Senior Leadership

Dr. L. Pettis Patton
City Manager

LaVoris A. Pace
Acting Deputy City Manager &
Director of Marketing,
Communications & Tourism

Solomon H. Ashby, Jr.
City Attorney*

*General Counsel to Economic
Development Authority and
Portsmouth Ports & Industrial
Commission



Department of
Economic Development
*90 Miles of Shoreline.
360 Degrees of Opportunity.*

801 Crawford St., 5th Floor
Portsmouth, VA 23704

757-393-8804
PortsmouthVaEd.com