

# Norfolk Metropolitan Region

## The Region

The Norfolk-Hampton-Newport News Metropolitan Statistical Area is divided into the Southside and the Peninsula. Geographic and economic differences separate the two. The region is separated by the five-mile wide estuary and a series of harbors that make up the Hampton Roads port. A mix of traffic-snarled tunnels and bridges are the only ground transportation links between the Southside and Peninsula — a short connection that can take more than 45 minutes to cross. The Southside is home to the region's two Fortune 500 companies and corporate headquarters, while the Peninsula is dominated by small business. The Southside's population is three times larger than the Peninsula's.

One of the region's greatest concerns is its dependence on the military. Military property represents a significant percentage of the land in Hampton Roads' urban centers. The region is home to Norfolk Navy Station, Langley Air Force Base, Fort Eustis, and nine other Navy, Army, and Coast Guard bases. Approximately 115,000 active duty military are stationed in the region. Department of Defense spending is a \$9 billion per year economic engine. A large shipbuilding and maritime industry supports and builds off the military's economic activity.

In the early 1990s, cutbacks in defense spending led to dramatic downsizing in shipbuilding and maritime and the loss of tens of thousands of military jobs. Today, regional leaders are intent on diversifying the economy and increasing job opportunities with higher wage rates. Other regional challenges include the alleviation of traffic snarls that frustrate travel in and around the region and promotion of cooperation between the deeply divided Southside and Peninsula sections of the region.

## The Business-Led Organizations

The Hampton Roads Partnership and two regional chambers of commerce represent the major interests of the business community in the Norfolk. The Hampton Roads Partnership is a multi-sector organization with "first tier" CEO membership from the region's major businesses, universities, nonprofit organizations, and elected officials. It spans the entire MSA. The Partnership's current regional priorities are easing inefficiencies in regional transportation, bringing technology-based economic development to the region, and promoting regional cooperation.

The Hampton Roads Chamber of Commerce represents business on the "Southside" of the MSA. The largest city in the region, Norfolk, anchors the Southside. The Southside also includes the cities and counties of Chesapeake, Portsmouth, Suffolk, and Virginia Beach. The Hampton Roads Chamber, with about 2,500 members, is the largest

### HAMPTON ROADS CHAMBER BUILDS NON-TRADITIONAL ALLIES

The Hampton Roads Chamber finds itself playing “non-traditional” roles as it promotes a regional agenda in the Greater Norfolk region. The Chamber plays the honest broker role on smart growth issues, for example, balancing the needs of its Builder and Realtor members with limits to growth. Of the five cities in the Chamber’s area, two cities have major battles going on between Builders and local government. One of the mayors is very articulate in his arguments for growth controls and is closely aligned with the Chamber. The Chamber’s stance has aligned it with non-traditional partners in the environmental community.

To a lesser extent, the Chamber has also had to find new allies with its stance on regional tax issues. The Chamber has supported increases in sales and gas taxes to fund new regional transportation projects.

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business-only association in the region. Two of its members are Fortune 500 companies, although both are more active globally than regionally.

The Hampton Roads Chamber’s stated mission is to improve the region’s quality of life and help member firms grow through increased business contacts, marketing opportunities and money-saving programs. Membership has decreased somewhat over the last five years due to consolidations, mergers and closing of businesses in the slowing economy. Its 2,500 member base is down from a high of 3,000. The regional priorities of the Hampton Roads Chamber of Commerce are transportation, local and state tax reform and balancing the needs of growth.

The Virginia Peninsula Chamber of Commerce represents the part of the region commonly referred to as the “Peninsula.” It represents business in the cities of Hampton and Newport News and stretches northwest to cover Poquoson, York County, Williamsburg and James City County. The Peninsula’s 490,000 residents comprise about one-third of the Norfolk-Hampton MSA’s population of 1.5 million. The Virginia Peninsula Chamber’s membership has risen from a low of 1,400 nine years ago to today’s membership of 2,400. This increase marks the tail-end of a rebuilding phase for the Chamber, back from the brink of financial ruin. Almost 1,000 of the Chamber’s members are businesses with three or fewer employees. The Virginia Peninsula’s major regional priority is transportation.

Other smaller or nascent business organizations include the Williamsburg Area Chamber of Commerce, Gloucester Chamber of Commerce, Isle of Wight, Smithfield, Windsor Chamber of Commerce, York County Chamber and Future Hampton Roads.

### The Regional Business-Civic Landscape

The Hampton Roads Partnership has provided a bridge between the two sub-regions

of the Southside and Peninsula. The Partnership chooses issues and promotes strategies that affect the whole metropolitan region. Its Board members include representatives from both sides of the region. Each of the elected executives of the region's 17 communities is on the Board. The Partnership's Plan 2007, a 15-year plan that guides its approach to regional competitiveness, includes a call to "act regionally."

Leaders in the MSA have come far in their recognition and of actions as one region. The region wasn't even considered a single metropolitan statistical area by the U.S. Census until the 1980s. The Partnership plays a major role in encouraging this regional thinking, and its agenda is about strengthening regional cooperation among the region's key business, university, government and civic institutions.

Parochial and regional agendas merge on the issue of transportation. The Partnership is leading a group that includes the Hampton Roads Chamber and Virginia Peninsula Chamber, along with other chambers and leadership groups, to boost funding and projects to alleviate the region's poor transportation access. The region's two main commercial centers are divided by a five-mile wide estuary, or the port. Access is inadequate between the city of Norfolk on the Southside and the cities of Hampton and Newport News on the Peninsula. The coalition of chambers and regional leadership groups is trying to find dedicated funding sources for six transportation projects that affect the entire region, including a "Hampton Roads Crossing." The crossing would provide another bridge or tunnel connection between the Southside and Peninsula.

Talks have begun among some of the region's leaders to merge the region's two major economic development marketing organizations. At present, the Hampton Roads Economic Development Alliance and the Peninsula Economic Development Alliance both operate domestic and international marketing and business attraction programs in isolation from one another. These same talks have occurred in relation to the region's two Workforce Investment Boards.

Leaders of the two Chambers of Commerce — the Hampton Roads Chamber and the Virginia Peninsula Chamber — also recognize the need for cooperation and coordination among each other. Each has a distinct role to play, however, in the current context of the regional business-civic landscape. The Hampton Roads Partnership, for example, is distinct from the two chambers in its multi-sector membership. On the business side, the Partnership's Board of Directors contains CEOs from the region's largest employers. Membership of the two Chambers, on the other hand, is business-only and contains a larger share of executives who are regional managers and come from smaller business.

The two Chambers are the more likely candidates for greater cooperation. Each have similar missions, membership bases and programs. The Hampton Roads Chamber is the more dominant of the two. It has more members, includes a larger and more influential corporate base, and is more financially stable.

In general, the argument for regional cooperation is more difficult for the Peninsula, because residents there fear being swallowed by the more financially powerful institutions of the Southside. “There have been discussions about mergers over the years,” said Jim Babcock, former Board member of both the Partnership and Hampton Roads Chamber. “The people on the Southside are more willing to talk about a regional structure while those on the Peninsula are less likely to accept it.” Stronger cooperation may remain elusive until leaders resolve some of these imbalances, and address the lengthy travel times between the two sub-regions.

### **Business Leadership**

There is a stable core of CEOs involved in civic issues, according to leaders in the region. While the commitment among this core has not faltered, the overall number of chief executives involved in civic issues has fallen. “The level of leadership is not what it should be,” said James L. Eason, President and CEO of the Hampton Roads Partnership.

Explanations for this decline in civic participation include the recent economic recession and pressures to pay close attention to the bottom-line. In addition, many business leaders do not see the jurisdictional divisions between the Southside and Peninsula and become frustrated with the lack of cooperation. There are still two chambers, two economic development agencies and two workforce development organizations. The recent formation of a York Chamber of Commerce, in the face of the Virginia Peninsula Chamber of Commerce’s role in the Peninsula sub-region, underlines this persistent division.

The level of business influence in the region is equal to other sectors of the region’s leadership. Elected officials are a major voice on regional issues and often dominate the regional agenda. The military’s strong presence, with contributions of \$23 billion and 20,000 military personnel stationed in the region, also undercuts the region’s reliance on the wealth generating power of the private sector. An indication of the influence of the business community is the recent referendum to increase the sales tax for regional transportation investment. Despite strong business efforts to pass the referendum, voters defeated it. “The public sees the business community’s role to create jobs and economic opportunity,” said Jack Hornbeck, President and CEO of the Hampton Roads Chamber of Commerce. “And that is the extent to which they think the business community should play a role in regional civic issues.”