

## City of Alexandria, Virginia

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## MEMORANDUM

DATE: JANUARY 15, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER 

SUBJECT: AUTHORIZATION FOR A GRANT SUBMISSION AND ACCEPTANCE OF FEDERAL DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION FUNDS FOR CITY ECONOMIC DEVELOPMENT EFFORTS

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**ISSUE:** City Council consideration of the use of federal economic development grant funds.

**RECOMMENDATION:** That City Council:

- 1) Authorize the grant submission and acceptance of \$400,000 in federal economic development funds to support the activities detailed in this report; and
- 2) Authorize the City Manager to execute all documents that may be required.

**BACKGROUND:** As part of the federal aid that is being provided to local governments in Northern Virginia as a result of the terrorist incident at the Pentagon on September 11, 2001, each local government in the Northern Virginia region is to receive federal economic development disaster recovery funds. Congress approved these funds in an appropriation late in 2001, and applications may now be made to the U.S. Department of Commerce Economic Development Administration. Under this program, the City of Alexandria has been allocated \$400,000 in one-time grant funds for economic development. How the funds may be used is flexible. A one-to-one match requirement is required for any economic development initiative that involves physical improvements, but no match is required for economic development-related operating programs, for planning, or for marketing. The federal staff who administer this program have been apprised of how the City may propose to expend these federal economic development funds, and have indicated that all the proposed activities are eligible, and that no match would be required. These federal funds will likely be made available in February, with the spend down through FY 2003 permitted.

The \$400,000 in grant funds are proposed to be allocated in the following manner:

1.	Commercial area planning	\$ 150,000
2.	City tourism promotion	150,000
3.	Regional tourism promotion	60,000
4.	DASH About shuttle extension to June 30, 2002	<u>40,000</u>
	Total	\$ 400,000

**Commercial area planning.** As part of the Plan for Planning initiative that has been discussed with City Council over the last year, the revitalization and strengthening of some of the City's commercial neighborhoods has been identified as a priority. In order to undertake neighborhood revitalization planning, and to accelerate when it can be accomplished, it will be necessary to obtain outside expert assistance. In order to accomplish this, \$150,000 of the federal economic development grant funds, in conjunction with existing City funds, are proposed to be used for study and planning efforts in the following areas:

**Upper Potomac West – Arlandria:** This retail area and residential neighborhood is located on the northern end of Alexandria, within a few miles of the site of the September 11 incident. Many of the businesses in the area have experienced economic difficulties, especially in recent months. Intervention in the form of a neighborhood revitalization effort is needed to assist this area in stabilizing and strengthening both its retail and business environment, and its residential neighborhood. On the business side, the effort needs to 1) develop strategies and actions that will strengthen the area, such as a retail improvement strategy, business assistance, facade improvements and minor infrastructure improvements, and 2) develop a long-term vision and approach to revitalize the business environment, which may include zoning changes, long-term redevelopment strategies and major infrastructure improvements.

**Mount Vernon Avenue Business Area:** This retail area consists of smaller, shallow development parcels with frontage along Mount Vernon Avenue. Over the years, this area has begun to develop as a viable retail environment. As it deals with pressure for redevelopment, it is critical that a business and development strategy for the area be formulated to help maintain the existing neighborhood and commercial character as an attractive place to live and work. An appropriate strategy needs to include the following elements: solutions for shared and increased parking, determination of appropriate new businesses, economic development efforts to attract new uses, business outreach to small businesses, and design standards to ensure compatible infill development activity, with minimal adverse impact on the adjoining residential neighborhood.

**King Street Retail Corridor:** The King Street corridor is the major business area catering to tourists in the City of Alexandria. Strengthening this business corridor for retail uses is an important economic development policy for the City. In order to do this, a market analysis is necessary, followed by the development of a retail strategy that will identify ways of retaining and attracting desirable retail uses to the corridor.

**City tourism promotion.** The Alexandria Visitors and Convention Association (ACVA) staff have been working on an Emergency Marketing Program (which would be above and beyond their existing marketing program) aimed at increasing visitors to the City from outside, as well as inside, the Washington, D.C. metropolitan area. Out of the federal grant some \$150,000 is proposed for emergency marketing efforts by ACVA. Activities contemplated include, but are not limited to:

- Sales blitz and marketing the City to meeting planners
- Marketing “A Remarkable and Courageous Journey: A Guide to Alexandria’s African American History” to area tour guides, C-Span School Bus program, and to tour and educational organizations such as the Close Up Foundation
- Tourism promotions targeted in media markets within a 5-hour drive of the City
- Sales blitz to Mid-Atlantic AAA travel offices
- Summer musical events with substantial regional advertising including the promotion of restaurant week
- Additional tourism marketing efforts over the course of the next year as opportunities arise

**Regional tourism promotion.** In addition to promoting the City to visitors and tourists, we propose to earmark \$60,000 of the federal funds for regional tourism promotion. While promoting the City is beneficial, the City also can benefit by an increase in regional tourism promotion. By combining resources with other local jurisdictions, an expanded joint tourism promotion effort can be established which can draw more visitors to the region, or make existing visitors to the region learn how much more the region may have to offer than those visitors are currently aware of. At this time, the form of this regional tourism promotion is only beginning to be discussed, so a specific plan has not yet been established. However, given the need to move the whole grant application forward to the federal government, so that other proposed City economic development activities can begin, we propose that \$60,000 in grant funds be set aside for regional tourism promotion. It is possible that these funds could be combined with funds from other localities in the region to apply for additional federal funds for tourism promotion that may be available at the state level.

**DASH About shuttle extension to June 30, 2002.** At the December 11, 2001, work session with ACVA, City Council expressed an interest in having the DASH About pilot program continue until June 30, 2002. With state grant funds running out in January, Council asked whether or not these federal economic development funds could be used to pay for the shuttle. City staff checked and reported to City Council on December 20 that the DASH About was an eligible expense under this federal program. Continuing the DASH About through June will cost about \$80,000, with the existing DASH budget able to absorb \$40,000 and the federal economic development grant funds proposed to provide \$40,000. Since one of the primary purposes of the DASH About shuttle is to draw tourists and regional residents to Alexandria to dine, shop and tour the City's historic and other sites of interest, the federal economic development funds can be used to support the extension of the DASH About shuttle.

**FISCAL IMPACT:** With no match required for the proposed economic development activities, no City General Funds will be needed to receive the \$400,000 in federal grant funds. If the various proposed economic development activities that are detailed above are successful, then the City's economy will benefit and tax revenues will increase in both the short and long term.

**STAFF:**

Mark Jinks, Assistant City Manager