

EXHIBIT NO. 1

10


12-15-07

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 11, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: ADOPTION IN PRINCIPLE OF THE RECOMMENDATIONS OF THE ECONOMIC SUSTAINABILITY WORK GROUP

ISSUE: Recommendations of the Economic Sustainability Work Group.

RECOMMENDATION: That City Council hold the public hearing on the report and, after the public hearing, adopt in principle the recommendations of the Economic Sustainability Work Group (Attachment I).

BACKGROUND: In June of 2006, Council created the Economic Sustainability Work Group (the "Work Group") to assess the City's economic status, and to develop recommendations in order that the City's currently sound economic health and fiscal health are sustained far into the future. The Work Group was comprised primarily of experts in the local, regional, national and international business community who live in Alexandria, but whose business and economic experience is extensive and largely external to the City. The Work Group reported to Council its interim findings in March of 2007, reported its draft recommendations to Council in June of 2007, and Council and the Work Group held a well-attended Town Meeting in September of 2007, so that residents and the business community could provide input to the Work Group. Following the Town Meeting, the Work Group amended and finalized its recommendations, and those recommendations (Attachment I) were presented to Council at its October Retreat.

The Work Group reached its recommendations after a year of study and discussion about the economic challenges facing the City. The Work Group then created a platform for change in order to meet its proposed vision:

Alexandria Economic Vision

- A 21st Century, knowledge based, creative class, diverse community with a high quality of life.
- A place where businesses can locate and grow.
- A place where planning and land use encourage smart fiscal practices with historic preservation.
- Where the City government is responsive to all.
- Where taxes generated by commercial activities fund community needs and help reduce taxes paid by residents and local businesses.

The Work Group analyzed the City's current economic condition, processes and prospects and concluded that the City had many strengths. The Work Group focused on economic issues and did not focus in any great detail on specific program issues such as transportation, public education, or the environment because those issues, while related and important to the City's economy, have been or are the focus of other studies and processes. The Work Group identified the following key City strengths:

Identified Strategies

- Close-in urban location
- Low unemployment
- High per capita and household incomes
- High quality of life
- Strong demand for housing
- Well-educated population
- Low crime
- Tax base growth strong
- Wide range of governmental services
- Historic preservation
- Top AAA/Aaa bond ratings

While most cities and counties are far below the City's current economic strength, that position, the Work Group concluded, had to be protected and nurtured in order to keep the City strong in the decades ahead. The Work Group concluded that the City is not currently well positioned in some areas for the future on all fronts because of challenges such as:

Identified Challenges

- Recent very strong regional private sector job growth did not occur in Alexandria.
- Potential loss of 7,200 jobs due to Defense Department facility transfers (BRAC).
- Residential property tax base growth to trend flat in near term.
- Hotel occupancy down.
- Office vacancy equivalent with region's double digit vacancy rate.
- Competition stronger with substantial capital investment in areas such as National Harbor, Pentagon/Crystal City, Bethesda, and Tyson's Corner.

The Work Group's findings reached a number of key conclusions:

Key Conclusions

- Metrorail station areas are underutilized from a land use standpoint
- Commercial tax base slipped since 2000 from 49.5% commercial/50.5% residential to 41.0% commercial and 59.0% residential. This includes a drop in the non-residential real estate tax base from 37.6% to 29.0% during that same time period.
- Increased taxes from commercial activity can reduce residential tax burdens, or be used to enhance City services.
- The City's Waterfront is underutilized and represents a major potential asset.
- The City's only regional mall (Landmark) is in serious decline .
- The City is not taking full advantage of tourism.
- Commercial land uses such as hotel, retail and office uses produce far more net tax revenue than residential uses.
- Economic development functions need restructuring.
- Expansion of business retention and attraction efforts is needed.
- The City's reputation in the regional business community needs repairing.

The Work Group developed over 100 recommendations covering a wide range of topic areas. The Work Group organized the recommendations in 10 key topic areas.

Key Recommendations Topic Areas

- (1) Metrorail
- (2) Commercial Economic Activity
- (3) Potomac Waterfront Potential
- (4) Landmark Mall
- (5) Leveraging the City's Assets
- (6) Travel and Tourism
- (7) Focus of Economic Development Activities
- (8) Responsiveness of City Bureaucracy and City Processes
- (9) Organization, Vision and Performance of Economic Development Functions
- (10) Tax Structure

While the recommendations of the Work Group have been subject to substantial public input and discussion at the September 2007 Town Meeting, they are the subject of this public hearing before they are considered for adoption in principle by Council. Since there are over 100 recommendations in the report, implementation will take the time and efforts of a number of City government departments, and also the non-governmental organizations which carry out elements of the City's economic development program. Adoption "in principle" is the recommended Council action at this time as many of these recommendations (such as land use) need to have further details developed, subject to further community input. They then will be considered for Council adoption at various points in the future depending on the action needed to implement the specific recommendations.

ACTIONS TO DATE: While the Work Group process was ongoing, discussions triggered by the Work Group, the City Manager's Small Business Task Force, and other community and City staff-level discussions resulted in the City staff as well as its economic development partners proceeding to consider the issues that were being raised. In some areas the issues are beginning to be addressed or studied. A summary of the actions to date or that are in process include:

(1) Metrorail

- Braddock Road plan in process and considering Braddock Road Metrorail station property land use and densities.
- Eisenhower West Planning process (Van Dorn Station) to start this fiscal year.
- Commercial land bay development discussions to include analysis of financial feasibility of a new Metrorail station at Potomac Yard.

(2) Commercial Economic Activity

- Council provided funding so the economic impact model (\$150,000) can be updated this fiscal year.
- AEDP restructuring its efforts related to business retention and attraction.
- Industrial properties study ongoing.

(3) Potomac Waterfront Potential

- Waterfront planning process to be initiated in 2008.
- Properties on waterfront purchased by the City and negotiations continue on the purchase of other waterfront properties on the Strand.
- Waterfront settlement discussions with federal government active and ongoing.
- National Harbor initiatives in upgrading the waterfront approved by Council (\$1.2 million).
- Council provided funding (\$0.1 million in FY 2008 and \$.6 million in FY 2009) for the King Street fare-free transit (rubber tired trolley) which will start in April 2008.
- Wayfinding signing program under development.
- Dredging funds (\$1.0 million) provided by Council so T-Pier can again host tall ships and passenger cruise ships.
- Water taxi service to National Harbor to be provided by private sector and will include visitor orientation.
- Food Court revitalization discussions initiated.
- Water taxi service to Nationals new baseball stadium under discussion (but dependent on District of Columbia action).

(4) Landmark Mall

- City actively engaging General Growth Properties (the owner of Landmark Mall) in restarting redevelopment plans to replan the current outdated indoor mall in to a mixed use (retail, office, residential, hotel) town center.
- Landmark Mall a top corporate priority for redevelopment recently reaffirmed by General Growth Properties.
- General Growth Properties plan is to move the mall retail store upmarket.
- Landmark – Van Dorn land use planning process to restart in December, 2007.
- Tax Increment Financing (TIF) option for Landmark Mall infrastructure at the beginning analysis and discussion stage.

(5) Leveraging the City's Assets:

- Consultant study (\$200,000) funded by Council to determine best use of City real estate assets.

(6) Travel and Tourism

- National Harbor initiatives funded by Council.
- Brand Image Study undertaken by Alexandria Convention and Visitors Association (ACVA)
- New ACVA President and CEO.
- “Funside of the Potomac” tag line being reviewed.
- ACVA rethinking its marketing plans, including updating its web site and refocusing its visitors guide.
- ACVA’s developing FY 2009 budget which will focus on Work Group recommendations.
- Visitors Center at Ramsay House facility study planned for 2008.
- Wayfinding signing program planning underway.

- Keeping trees lit on King Street 12 months per year funded by Council.
- New Director of the Office of Historic Alexandria (OHA).
- OHA rethinking its programs and plans to take more of an “out-of-the-museum” educational focus.
- History based and experience related activities planned for King Street area.

(7) Focus on Economic Development Activities

- Alexandria Economic Development Partnership (AEDP) developing a new strategic plan
- New AEDP President and CEO.
- AEDP reorganizing its economic development initiatives.
- AEDP website to be redesigned.
- Per City Manager directive, AEDP and ACVA now being treated as City department equivalents and included as part of City teams (meetings, recommendation development, etc.).
- Marketing Fund processes refocused and restructured by Council.
- AEDP to hire BRAC coordinator, regional BRAC transition center opened in Crystal City.

(8) Responsiveness of City Bureaucracy and City Processes

- New Code Enforcement Director.
- Customer service now priority focus of Code Enforcement.
- Customer advocate and plan tracker position to be implemented in early 2008.
- In-field and on-line services to be expanded.
- One-stop concept under review.
- Reformed participatory processes such as used in Braddock Road planning to be duplicated in future small area land use planning processes.
- Small Business Task Force recommendations under review.

(9) Organization, Vision and Performance of Economic Development Functions

- AEDP Board now meeting monthly.
- AEDP work session with Council planned in March 2008.
- AEDP developing budget request for FY 2009 which will focus in part on Work Group recommendations.
- ACVA’s marketing functions under consultant review.

(10) Tax Structure

- Add-on commercial real estate tax rate to be studied and considered for adoption in CY 2008 (FY 2009)
- Council’s FY 2009 budget guidance encourages non-real estate tax revenue alternatives

IMPLEMENTATION: In order to ensure that this important set of recommendations is addressed, Council approved in November the establishment of an Economic Sustainability Implementation Monitoring Committee. This Committee will be responsible for monitoring the implementation of the recommendations of the Economic Sustainability Work Group when adopted, in whole or part, or as amended by Council after this December public hearing. The Committee’s charge will be to receive regular reports from City departments and economic

development related agencies on the status of implementation of the recommendations. The Committee will also advise on implementation priorities, as well as assist in developing implementation strategies and monitoring the status of implementation. The Committee will also advise on outcome and impact metrics of economic development activities. The Committee would be expected to provide periodic reports to Council. Finally, the Committee will also serve as the monitoring entity for review of the status of consideration and implementation of the recommendations of the Small Business Task Force. Staff support for the Monitoring Committee will be provided by the City Manager's Office.

Initially, the Committee would be ad hoc and have a twelve-month term. Once the effectiveness of such a monitoring committee can be gauged and the implementation timetable becomes clearer, the term can be extended by Council, or it can be made a permanent, standing committee.

FISCAL IMPACT: Any cost of implementing the recommendations of the Work Group beyond that already approved by Council (i.e., National Harbor, dredging, asset study, fiscal impact model development, etc.) will either be handled with existing budget resources, or through future budget allocations decided by Council during annual budget deliberations.

ATTACHMENT: Recommendations of the Mayor's Economic Sustainability Work Group

STAFF:

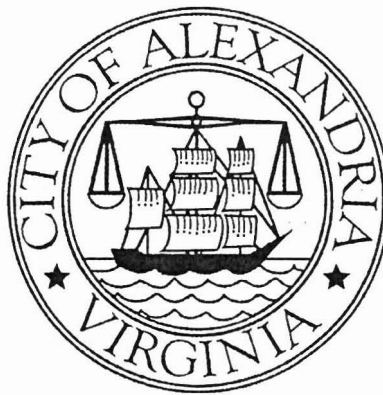
Mark Jinks, Deputy City Manager

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Recommendations
of the
Mayor's
Economic Sustainability Work Group

Final Report

October 27, 2007



Nigel Morris, Chair
Jim Butler
Lavern Chatman
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Charlotte Hall
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ALEXANDRIA'S ECONOMIC VISION

- A 21st Century, knowledge-based, creative class, diverse community with a high quality of life.
- A place where businesses locate and grow.
- A place where planning and land use encourage smart fiscal practices with historic preservation.
- Where the City government is responsive to all.
- Where taxes generated by commercial activities fund community needs and help reduce taxes paid by residents and local businesses.

**KEY RECOMMENDATIONS
OF THE
ECONOMIC SUSTAINABILITY WORK GROUP
(Not in order of importance)**

- Re-balance real estate tax base to 50% commercial and 50% residential
- Establish employment growth targets reflecting a mix that favors an increasing share of higher paying jobs across all sectors
- Make economics part of land use decision process
- Expand business retention and recruitment efforts
- Capture the full economic development potential of the City's Metrorail Stations
- Redevelop Landmark Mall into a major economic center
- Create a world class waterfront
- Increase the economic benefits generated by the City's visitor industry
- Restructure economic development functions
- Establish positive City reputation in the regional business community
- Establish implementation blueprint and a top-level group to ensure continued focus on implementing recommendations in this report. This will need separate and independent resources to accomplish.

**RECOMMENDATIONS
OF THE
CITY OF ALEXANDRIA
ECONOMIC SUSTAINABILITY WORK GROUP**

ISSUE: METRORAIL

FINDINGS: METRORAIL IS THE MOST UNDERUTILIZED ASSET IN WHICH THE CITY HAS MADE A SUBSTANTIAL INVESTMENT AND HAS NOT RECEIVED A FULL RETURN. THIS REPRESENTS A MAJOR OPPORTUNITY.

RECOMMENDATIONS:

1. Develop land use plans for transit oriented development at the Braddock Road, King Street, and the Van Dorn Metrorail stations.
2. Model density on best practices such as the retail/office/residential redeveloped Clarendon area in Arlington County which has a mix of heights and densities.
3. Approve mixed-use development at Metrorail station sites with office uses as the primary type of development.
4. Create a world class development project at the King Street Metrorail station.
5. Establish parameters for development of the Eisenhower West area.
6. When reviewing the Potomac Yard Landbay H (the town center landbay) and Potomac Yard Retail Center revised plans, consider higher densities that would better encourage the building of a new Metrorail station in the land reserved for such a station.
7. Rename the Metrorail stations in Alexandria so they provide economic value such as:
 - a. "King Street" to "Old Town - King Street," or "Old Town - South"
 - b. Braddock Road to "Old Town - Braddock Road" or "Braddock Road - Potomac Yard" or "Old Town - North"
 - c. "Van Dorn" to "Landmark - Van Dorn"
 - d. Expand the "Eisenhower" Metrorail station name once the area develops more of an identity.

8. Consider creating a new Metrorail station near the Clermont - Eisenhower intersection.
9. Improve connectivity between Eisenhower Avenue and the rest of the City.
10. Economic development activities and projects should be coordinated with the proposed Transportation Master Plan (such as a bus rapid transit "BRT" hub at Landmark).
11. Alexandria's Metrorail station sites should not be developed with expanded parking for Metrorail parker/rider use (i.e., park and ride parking garages).
12. When Metrorail station areas are planned for redevelopment and include public benefits and amenities, clear mechanisms should be put in place to capture a portion of the economic value created by the redevelopment to be used to pay for those amenities at such time redevelopment occurs.

ISSUE: COMMERCIAL ECONOMIC ACTIVITY

FINDINGS: REAL ESTATE MARKET FORCES HAVE CAUSED CONVERSION OF OFFICE LAND USES TO RESIDENTIAL USES AND REDUCED THE ECONOMIC AND TAX YIELD POTENTIAL OF REDEVELOPMENT.

RECOMMENDATIONS:

1. Council should adopt specific policies regarding commercial development and land use.
 - a. Restore commercial real estate tax base back to more than 50% commercial, with focus on office and retail as the primary strategy.
 - b. Reduce tax residential burdens by encouraging commercial development.
 - c. Commercial development (office, retail, hotel, service) should be specifically encouraged and sought out.
2. The City should update the fiscal impact model that was produced from the PTO project so that the fiscal impacts of commercial development are better understood by residents and those in decision making capacity.
 - a. New property classification categories such as “luxury condo” versus “starter condo” should be created and analyzed.
 - b. Due to real estate value run-up over the last five years, residential “net profit” differentials may have changed.
3. Specific employment growth targets should be established.
 - a. Alexandria should share in regional private sector employment growth.
 - b. "One-for-One" program should be established so that for every new residential unit there is a new job created in the City primarily through development of new office buildings.
 - c. Employment growth target reflects a mix that favors an increasing share of higher paying jobs across all sectors.
4. Commercial and residential new development should be balanced.
 - a. An inventory of potential new office building sites should be conducted and these sites land use zoning as office should be preserved.

- b. Where commercial land use plans currently allow either commercial or residential development, amend the land use regulations so that residential use is not by right, but only could be done by development special use permit.
 - c. Consider increased densities so that office uses could be incentivized as part of residential development. This could be in lieu of, or in addition to, incentives for affordable housing.
5. The success of nearby mixed use retail centers such as Shirlington, Clarendon, as well as the emerging plans for Crystal City should be studied to learn from those successes, as well as to better understand the competition.
 6. The City should expand its focus on retail expansion as part of the economic development equation so that retail spending is a new import and not a net export.
 7. Tax incentives or tax increment financing (TIF) should become a judiciously used economic development tool where the situation warrants such actions to attract desired commercial development, or to entice "marquee" name office users.
 8. As outlined in the "creative class" literature, the value of the arts community on economic development and its future opportunities for the City should be recognized and further encouraged.
 9. The City should develop an explicit plan and strategy related to industrial properties, realizing that technological and business innovations sometimes need these types of spaces for product development.
 10. Economics education of residents, business persons, City employees, City Council and other decision-makers should be ongoing.

ISSUE: POTOMAC WATERFRONT POTENTIAL

FINDINGS: WHILE THERE HAS BEEN SUBSTANTIAL PROGRESS OVER THE LAST THREE DECADES IN IMPROVING THE WATERFRONT, THERE REMAINS SUBSTANTIAL POTENTIAL REMAINING.

RECOMMENDATIONS:

1. Mixed use vibrant development should be encouraged along the waterfront in the remaining opportunity parcels with commercial retail, restaurant, arts, and hotel development opportunities targeted.
2. Existing warehouse sites have high visibility and represent a major obstacle to completing the enhancement of the waterfront with world class redevelopment.
3. Redevelopment architecture should be in keeping with 18th and 19th Century's historic fabric of Old Town and be consistent with the historic image and brand that of the City and respect the adjacent residential neighborhoods.
4. A public access plan should be part of the waterfront plan. The waterfront is also an important element of the tourist experience.
5. Existing public promenades along the waterfront should be linked and completed.
6. Water uses such as kayak and sailboat rental and additional marina slips should be encouraged.
7. Major existing docks should be maintained so that ships (such as the Coast Guard Eagle tall ship and small passenger ships) can still be accommodated.
8. Further expansion of water taxis and water shuttles should be encouraged.
9. Public parking needs along the waterfront should be addressed in the waterfront planning.
10. The City should complete its planned waterfront land acquisitions, and as well as negotiations with the Old Dominion Boat Club.
11. The City should work with the National Park Service and the U.S. Department of Justice on settling the waterfront title disputes for the seven parcels where a settlement agreement has not yet been completed.
12. The City should take full advantage of the tourism and business development potential of National Harbor development across the Potomac River from the City, as well as future further waterfront development in the region.

- a. The recently approved water taxi service between the City and National Harbor should be implemented as planned, and potentially expanded as demand and other related opportunities (the new Washington Nationals baseball stadium).
 - b. A visitor center or similar orientation area/technology should be developed for tourists coming to the City by water taxi.
 - c. Through better signage, as well as the production of marketing materials, efforts should be made to better educate and orient tourists coming from National Harbor as well as existing tourists.
 - d. A fare-free shuttle type transit service should be developed between the foot of King Street at Union and the King Street Metrorail station. Such service should be integrated into the existing transit network in the City, as well as be aimed at moving existing workers, shoppers and residents up and down King Street on both weekdays and weekends.
 - e. The food court at the City Marina should be rethought and revitalized.
 - f. The underutilized area underneath the Chart House represents an opportunity to expand services to tourists and marina users.
 - g. Expand retail on South Union Street, the Strand and other areas, if feasible, as part of the waterfront redevelopment plan.
13. The planned waterfront study should be commissioned as quickly as possible and be clearly defined in scope.

ISSUE: LANDMARK MALL

FINDINGS: LANDMARK MALL, AS THE CITY'S ONLY REGIONAL MALL, HAS BEEN AN IMPORTANT PART OF THE CITY'S RETAIL TAX BASE AND IS IN A STATE OF SUBSTANTIAL ECONOMIC DECLINE. IT REPRESENTS ONE OF THE TOP MAJOR ECONOMIC DEVELOPMENT OPPORTUNITIES IN THE CITY.

RECOMMENDATIONS:

1. The City must pursue with all deliberate speed the total redevelopment of the 55 acres of the current Landmark Mall site into a high quality, high density, mixed use City Center development. The ultimately planned proportionate mix and volume of office, residential and other uses needs to be planned carefully so that there is enough volume and variety of use to support the planned new retail uses.
2. A strategy to get Sears to become a partner in the Landmark Mall redevelopment needs to be found by the City, General Growth Properties and Federated. Alternatively, Sears could sell its land to General Growth.
3. General Growth Properties, Sears and Federated Department stores should cooperate and put the redevelopment back on a fast track before the opportunity is eclipsed by other retail development in the regional market areas served by Landmark such as the Springfield Mall. If General Growth does not get this redevelopment process actively restarted by the end of 2007, the City should seek a joint venture lead partner for all of the Landmark properties (Sears, General Growth and Macy's).
4. The City should regularly track the tax production trends of Landmark Mall (as well as other retail areas of the City).
5. Using Reston Town Center as a model, the Landmark Mall prior redevelopment plan should be revamped to include substantial office space in addition to the previously planned retail and residential uses.
6. A redeveloped Landmark Mall site should be an inviting town center with open space, public amenities (such as an ice rink, sports/recreation activities, theatres, etc.), and be pedestrian-oriented in its design.
7. As one of the Gateway sites and key sites in the West End of the City, care should be exercised to ensure that the redevelopment represents a quality product, so that this site becomes the focal point of West End activities and vibrancy.
8. If warranted by the real estate economics, and the potential level of new tax production, the City should stand ready to utilize tax increment financing (TIF) in order to make the Landmark Mall redevelopment occur in such as way that it benefits the City in a major way.

9. Given its history and current state, consideration should be made to rebranding the “Landmark Mall” name.
10. Consider making Landmark Mall redevelopment a totally green (such as LEED’s certified) project.
11. The retail re-tenanting should have an upscale and “marquee” anchor focus.
12. Transportation demand in the Duke Street corridor makes mass transit (such as a BRT line) key to this property’s redevelopment.

ISSUE: LEVERAGING THE CITY'S ASSETS

FINDINGS: THE CITY DOES NOT HAVE AN INVENTORY AND LONG RANGE PLAN FOR PROPERTIES THAT IT OWNS THAT HAVE DEVELOPMENT POTENTIAL.

RECOMMENDATIONS:

1. The City should develop and keep up to date an inventory of properties that it owns.
2. The City should periodically evaluate those properties to determine their long term use which would be in the long term best interest of the City.
3. The City should sell, lease or otherwise dispose of properties that it determines are not needed for a public purpose after determining what is the highest and best use of those properties. Parcels the City owns in commercial areas or high land value areas should receive special focus.
4. Funds derived from land sales or lease payments should be reprogrammed to meet currently unfunded City capital needs.
5. The City should look to determine if the current uses planned for properties it owns represents the most efficient utilization of the property.
6. The Alexandria City Public Schools should also undertake such a review of properties it owns and develop a long-range plan in conjunction with the City.

ISSUE: TRAVEL AND TOURISM

FINDINGS: THE CITY AND THE ALEXANDRIA CONVENTION AND VISITORS ASSOCIATION (ACVA) SHOULD WORK ON A SERIES OF INITIATIVES TO PRESERVE, AS WELL AS TO GROW, THE CITY'S SHARE OF THE WASHINGTON, D.C. REGION'S TOURISM DOLLARS.

RECOMMENDATIONS:

1. The City's "brand" of being one of America's most historic, well preserved, unique, and vibrant, arts oriented, creative cities should be a consideration and a theme in nearly all land use, marketing, and other governmental and private sector activities particularly in the greater Old Town area. Historic preservation is a tourism asset. A professional marketing firm with tourism branding experience should be retained to study this issue and to make recommendations.
2. ACVA should look at its resource allocation to determine if additional staff and non-personnel funds should be devoted to marketing. ACVA marketing should become more web-focused which is how more tourists research and plan for their vacations.
3. The City should increase its funding of ACVA's marketing programs once ACVA presents the City with a specific plan that is market research based.
4. ACVA needs to become more measurement and metrics oriented.
5. A new or expanded Visitors Center with better accessibility is needed as Ramsay House, although well located, it too small and difficult to access.
6. The City should consider expanding ACVA's role as the lead agency in marketing the City's retail stores, restaurants, museums, art galleries and studios, and entertainment venues to the greater Washington, D.C. metropolitan area in order to gain a larger share of regional consumer discretionary spending. ACVA has indicated it would need additional resources to do this.
7. ACVA should continue to focus its resources during the upcoming year on planning on how to get National Harbor convention and meeting attendees to visit the City.
8. When Landmark Mall is redeveloped, thought should be given to creating new tourism products so that the West End can better benefit from the City's tourism activity.
9. The City should evaluate conference and meeting space needs in the Old Town area and consider joint venturing with the private sector the building of additional conference and meeting space in conjunction with other development.

10. Increasing the tie-ins of the City's historic and other tourist related assets with existing (Mt Vernon) or new major regional tourism sites (Army Museum) should be considered in order to capture an additional share of the tourism market.
11. The "Funside" branding has served the City for 10 years and should be reviewed and rethought.
12. More market research in order to better understand the tourism market segments needs to be undertaken.
13. ACVA should consider expanding its target marketing of different segments of the tourist market, as well as expand the media it uses to market the City.
14. Studies should be undertaken to determine if ACVA should expand its marketing further in foreign markets including collaboration with other tourism marketing organizations in marketing to those markets.
15. Further tourism marketing efforts should be undertaken at both National and Dulles Airports.
16. The City should fast track its planned wayfinding signing program. This program should be informational and not just directional.
17. Consideration should be given to early implementation of signing for public parking garages and for signing the City Marina and King Street for water taxi arrivals.
18. ACVA should consider expanding its direct mail campaigns.
19. The City should consider improving the lighting on King Street, as well as keeping the holiday tree lights lit 12 months of the year.
20. ACVA should expand its orientation and training program of concierges and other hotel staff for all City hotels, as well as those at National Harbor and in Arlington.
21. In order to protect Alexandria's historic brand and reputation for historic preservation, initiatives should be considered that sustain publicly and privately owned historic assets in the City.
22. The City should be ready for the impact of National Harbor (Maryland) development when it opens in April, 2008.
23. More "experience" related activities (performing arts, street performers, historic interpretation characters) need to be planned for and should occur in the evenings and on weekends in key commercial areas.

24. The further use of information technology in kiosks, at the Visitors Center and in hotels should be explored.
25. Consideration should be given to establishing a performance venue on or near the waterfront.

ISSUE: FOCUS OF ECONOMIC DEVELOPMENT ACTIVITIES

FINDINGS: THE CITY NEEDS TO EXPAND ITS EXECUTION OF ECONOMIC DEVELOPMENT IN RELATION TO BUSINESS RETENTION AND ATTRACTIONS.

COMMENT: This section summarizes major economic development opportunities and brings into focus some major approaches and targeted business and governmental sectors that could enhance economic development in the City.

RECOMMENDATIONS:

1. The City and its economic development agencies should work to retain and to expand its exiting business clusters thereby building on existing strengths: a) Hi-Tech, b) Intellectual Property, c) Associations, d) Tourism (see travel and tourism recommendations), e) Retail (see Landmark Mall and Commercial Economic Development Activity recommendations), f) Arts, Communication, Advertising, Graphics, Web design, and g) Educational Institutions.
2. Business recruitment and retention activities should position the City as a leader and a first-tier organization in its economic development efforts.
3. The City's has an extensive "creative class" and "knowledge" economy. This should be exploited as a marketing tool. (Base on the widely accepted economic development theories of Professor Richard Florida.)
4. Economic development efforts, including marketing, need to be more aggressive and reach out to more potential users in more markets across the United States.
5. Greatly expand the marketing budget for business recruitment.
6. Effective targeted international recruitment should be planned if such recruitment can be done on a cost effective basis.
7. With a revised economic development effort and structure in the City, private sector economic development organizations, such as AEDP, should continue to be an active part of regional business recruitment and tourism promotion efforts.
8. Various City government department and agencies should be used as resources in the recruitment and retention process and greater coordination of effort is essential.
9. The revitalized AEDP, and related non-profit economic development agencies, should strengthen their focus on metrics and industry based research.
10. All outcomes of economic development activity must be measured on a return on investment manner (ROI) basis.

11. The City should target high-value office users such as professional service firms, defense contractors, and others who pay medium to high salaries for locating or expanding in the City.
12. The City is favorably situated and already enjoying the presence of branches of major higher educational institutions; these need to be encouraged to expand, and the City should court these and other entities to grow and possibly coordinate activity in the City.
13. The transfer of 7,200 jobs from the City due to the recommendations of the Base Realignment and Closure (BRAC) Commission should be carefully monitored and viewed largely as a long-term opportunity.
14. The City should be open to selectively attracting the headquarters operations of highly visible and recognized federal agencies.
15. Existing small businesses need to be nurtured and new small businesses encouraged.

ISSUE: RESPONSIVENESS OF CITY BUREAUCRACY AND CITY PROCESSES

FINDINGS: THE CITY IS PERCEIVED THROUGHOUT THE REGION AS UNFRIENDLY AND NEGATIVE TO THOSE OPENING OR OPERATING A BUSINESS AND THIS REPUTATION HARMS ECONOMIC DEVELOPMENT.

COMMENT: This section deals with the regional negative perception of Alexandria processes and operations toward development of new businesses. It highlights areas to examine to improve land use and building regulation, cross-departmental coordination, an attitude of helpful customer relations, and focus on business friendly attitudes while retaining necessary protection for historic preservation, health, safety and quality of life.

RECOMMENDATIONS:

1. The City should review its business practices relating to land use and building regulation in order to make these processes better understood, more transparent, as well as to erase the regional negative perception of the City toward new business development; this includes greater efficiency and timeliness, with applicants seeing cross-departmental coordination as seamless and more efficient.
2. The City needs to make a cultural shift in its attitude, and that of its employees, towards businesses, so that it is less of a negative regulator and more of a partner and a facilitator.
3. The City should develop the best customer relationship processes in the entire Washington, D.C. metropolitan area
4. City processes need to be business friendly, but retain the necessary protections in regard to historic preservation, health, safety, as well as quality of life.
5. The City should review its Special Use Permit (SUP) processes to determine which SUP categories could be eliminated or made administrative in order to reduce the time necessary to open a business.
6. The use of internet-based technology should be expanded both in the field, and by the provision of more online information and interactive functions between businesses and the City staff. The goal should be "on line, not in line."
7. If the newly revised more interactive public participation model works (as being used in the Braddock Road Plan restart), then that model (or varying versions of it) should be used for future small area planning processes.
8. The name "Code Enforcement" should be changed to a more customer-centric name.

ISSUE: ORGANIZATION, VISION AND PERFORMANCE OF ECONOMIC DEVELOPMENT FUNCTIONS

FINDINGS: THE STRUCTURE AND EXECUTION OF ECONOMIC DEVELOPMENT HAS BEEN DIFFUSED AND HAS NOT LED TO THE OPTIMAL ECONOMIC DEVELOPMENT RESULTS; SIGNIFICANT CHANGES ARE NEEDED.

COMMENT: The economic development function in the City has received attention from government and various private sector groups, some funded primarily by the City. The effort lacks coordination, there is little accountability for decisions, little coordinated planning and few metrics to measure program effectiveness. In some cases there is overlap of functions.

The structure of economic functions needs to be reformed. The Alexandria Economic Development Partnership (AEDP) Board should be entirely reconstituted and with a majority of Board members appointed by the City Council. AEDP should be renamed as it should become a new economic development organization (referred to in this report as "EDO"). The EDO Director position should be filled by an Economic Development professional and should staff the EDO Board. This action must be accompanied by a study of mission, functions and organization and the steps necessary to provide leadership. The result should be a coordinated public/private partnership to enhance and expand the economic base of Alexandria, especially in commercial, knowledge-based, hi-tech, arts and other business sectors detailed elsewhere in this report.

RECOMMENDATIONS:

1. The EDO Board should be reconstituted with its all Board positions vacated and refilled based upon a to-be-determined makeup of persons knowledgeable in business or economic development. EDO Board positions should represent a cross section of the business community and also Board positions should have specific experience requirements (i.e., development, real estate finance, hotel management, etc)
2. A majority of the EDO Board should be appointed by City Council, with some of the Board appointed by organizations such as the Chamber of Commerce. The Civic Federation should also appoint a person to the EDO Board (this is a recent change made by AEDP).
3. The EDO Director should be employed by and report to the EDO Board.
4. The EDO Board should be an active Board and meet at least monthly, as well as have subcommittees to focus on specific issues or functions.
5. The Chair of the EDO Board should be highly accomplished in the business community.
6. The EDO Board should utilize the best practices of board governance including having term limits, an executive committee, an audit committee, and utilize 360 degree feedback.

7. EDO should be fully accountable to the City (which is its funding source) with the City setting specific written performance and accountability standards.
8. The EDO Board should keep the City Council regularly informed of its plans and activities, and meet with the Council annually to discuss its proposed plans and initiatives for the upcoming year.
9. The reconstituted EDO Board and staff should be given one year to meet the City's performance expectations, and if expectations are not met or significant progress has not been made, then EDO should be internalized and become a City Commission and the EDO staff would become a department of the City government.
10. One of the first tasks of the EDO Board would be to rename AEDP
11. EDO staff compensation should be performance based.
12. A major initial step of the reconstituted EDO Board should be a study of the mission, functions and organization of economic development activity including the current functions of AEDP and ACVA, the major private organizations funded primarily by the City, and components of a sound program that should be instituted.
13. EDO should retain its offices outside City Hall in class "A" office space, as is the norm with many economic development organizations in other jurisdictions. This will facilitate the public/private features of the new arrangement and provide the "feel" of a true partnership in an enhanced economic development effort.
14. The functions of the new EDO Board should include:
 - a. Actively advising the City Manager and the City Council on economic development policy and consulting on related policies impinging on economic development
 - b. Being engaged on land use policies and major land use issues coming before the Planning Commission and City Council.
 - c. Being tasked with developing a City-wide shared vision and proposed economic development strategy and a multi-year plan for achieving that strategy; the outcome being adoption by City Council of an economic development section of the Master Plan.
 - d. City officials should no longer serve on the newly constituted group as the Mayor, a member of City Council, and the City Manager do serve on the current AEDP Board. This will allow the EDO Board members to be free to provide independent advice.

- e. Resources for economic development need to be significantly increased including staffing and other budget categories such as marketing. AEDP, as now organized, is under-resourced compared to peer economic development organizations elsewhere. After a study, the functions assigned to EDO should be increased by at least three to four additional staff to a total of eight or nine.
15. One of the City's existing Deputy City Manager positions should be designated as having responsibility for economic development. Those would be to coordinate economic development matters inside the City government and to be the City's point staff person in dealing with EDO. The Executive Director of EDO, who should be considered the lead economic development executive in the City, should regularly meet with the City Manager, and the designated Deputy City Manager, in order to help keep matters between the City government staff and EDO coordinated.
 16. In order to advocate for the economic development point of view, EDO staff under the new structure should have their views fully considered along with other points of view, through being a regular part of City staff meetings, as well as a regular part of the process that leads to the development of recommendations to the new EDO Board, the Planning Commission and City Council.
 17. The Business Facilitation function now housed in the City Manager's office should be transferred to the EDO.
 18. The tourism activity now conducted by the Alexandria Convention and Visitors Association should be reformulated following a study by an outside tourism industry assessment team.
 19. The EDO, ACVA, the Small Business Development Center (SBDC), and the Eisenhower Partnership, and any other economic development organization receiving a major portion of funding from City funds, should be governed under terms of specific written performance management contracts between these organizations and the City. Such relationships should include:
 - a. Performance contracts with evaluation criteria, mutually developed goals, and required periodic reports with specific report elements and timing delineated.
 - b. Clear identification in any such contract of the role of the organization and elimination of any overlap of functions with any other City-funded organization or the new economic development department program under guidance of the new EDO.
 - c. Valid metrics (with cause and effect relationships) and mutually agreed upon evaluation criteria of all economic development activities.

- d. Monitoring by the City of Return on Investment (ROI) of its economic development functions including any organization funded by the City along with related private sector organizations.
20. Business Improvement Districts (BIDs) should be encouraged.
- a. BIDs should come from grass roots efforts in the affected sector of the community.
 - b. More than one BID should be encourage to be established in the City.
 - c. BIDs should be created using a consensus process.
 - d. The City should increase its funding of infrastructure improvements as part of BID implementation.
21. Residents should be more engaged in economic development, educational and participatory activities and related planning and decision-making.
22. A sense of the City's history should be a part of the EDO staff and governance thinking, including using the City's long commerce-based history as a marketing and branding focus.
23. To manage and oversee these economic initiatives, a top-level City staff person needs to be assigned responsibility, and have a full-time staff person (MBA level of education to provide staff assistance).

ISSUE: TAX STRUCTURE: REAL ESTATE ASSESSMENTS IN ALEXANDRIA HAVE RISEN BY DOUBLE DIGIT RATES FOR THE LAST SEVEN YEARS. RESIDENTIAL ASSESSMENTS HAVE INCREASED THE FASTEST. CONSEQUENTLY, RESIDENTS ARE SHOULDERING MORE OF THE COST OF GOVERNMENT, AND LOWER AND MIDDLE INCOME CITIZENS ARE BEING FORCE TO REDUCE THEIR STANDARD OF LIVING OR RELOCATE TO MORE AFFORDABLE AREAS. THE CITY IS LOSING VALUABLE WORKERS AS WELL AS ITS ECONOMIC, SOCIAL AND RACIAL DIVERSITY.

FINDINGS: THE CITY (AS ARE ALL OTHER VIRGINIA CITIES AND TOWNS) IS OVER DEPENDENT ON THE REAL PROPERTY TAX; OVER THE LAST EIGHT YEARS, THE COMMERCIAL REAL ESTATE TAX BASE HAS DROPPED FROM 49.5% TO 41.0% (UP FROM 38.2% IN 2006); THIS HAS MEANT THAT HOMEOWNERS ARE PAYING A HIGHER SHARE OF THE COST OF GOVERNMENT.

RECOMMENDATIONS:

1. The City must review its overall existing tax structure to determine how it can be changed in order to provide meaningful property tax relief to those citizens who find their standard of living reduced each year due to rising property tax assessments.
2. The City should consider the changes in its tax authority related to transportation funding (a differential commercial real estate tax rate with 100% of the funds dedicated for transportation) recently enacted by the General Assembly to diversity its revenue base while at the same time providing property tax relief. A clear understanding of the pros and the cons, as well as the benefits of such a tax and use plan should be understood as part of the decision-making process.
3. The goal is to adopt tax regimes that rely less on the regressive real property tax for City revenues.

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12-15-07

**Comments on Recommendations of the
Mayor's Economic Sustainability Work Group**

**Larry Grossman
1123 Powhatan Street
Alexandria Va. 22314**

I thank the Mayor for establishing the Work Group and choosing such a fine and knowledgeable group of citizens chaired by Nigel Morris. I support many of the recommendations contained in the report and offer these comments to emphasize and to amplify on those recommendations I feel particularly important. I also note where I disagree but wish not to allow these issues to overshadow the Work Group's candid assessment of the City's future fiscal challenges and the positive recommendations offered to meet these challenges.

- Rename the Metro Stations – It is indeed odd that our transit stations are named after streets, road, and avenues as if the purpose of using transit is to arrive at a road. Transit stations are about place making not road taking so take the streets out of the names and replace the names with places. Braddock Road becomes – The Parker/Gray Station – King Street – The Old Town Station – Eisenhower Avenue – The Hoffman Station and Van Dorn - The Alexandria West Station. See Page 5 Recommendation number 7
- The Alexandria Zoning Ordinance adopted in 1992 needs to be amended to conform to the intent of the Master Plan adopted in 1992 so that the land use objectives contained in the Small Area Plans are supported by the zoning categories intended to implement those land use objectives. Commercial and Office Zones such as CSL or OCH should not allow residential uses by right which directly conflicts, competes and, if built, defeats the intent of these zones to encourage businesses to develop within these zoned areas. All other uses within the commercial and office zones need to be reviewed in terms of whether these uses are compatible with the intent of the zone and either prohibited, or made allowable subject to a Special Use Permit with conditions. See Page 8 Recommendation 4B
- The industrial zone created in 1992 as part of the new Master Plan and Zoning Ordinance was the first time since Alexandria initiated zoning in 1952 that there was a true industrial zone that excluded office and retail uses. I prepared a study of industrial uses in the City and noted that businesses in the industrial zones provided needed services to citizens, to other businesses in the City and generated jobs and tax revenues and that the City needed to recognize their contribution to the City's economic strength and diversity and overall quality of life for the City and develop policies and practices that supported these businesses rather than passively watch as they disappeared from the City. See page 8 Recommendation 4.9

- The City needs to have an international competition to invite bids to construct a Potomac Yard Metro Station and so if the Chinese or Brazilians or Koreans or a consortium of firms bids let's see what happens and how much it will cost and how it can be financed. The City needs to update the Potomac Yard Small Area Plan to plan for the redevelopment of the 60 acre Potomac Yard Shopping Center and to develop CDD guidelines that are congruent with the overall CDD; but in doing so the City needs to update the entire plan to reconsider what land uses and densities are appropriate for the Metro Station area. The City should seek to attract major private or institutional companies/employers that would want to be at the Metro Station as their marquee trademark location. The City may condition the CDD/SUP on contributions to the financing of the Metro Station through a TIF or through other mechanisms. This needs to be number one priority and done to ensure a sustainable economic future. A metro station provides access to a regional employment pool like no other form of transit and it is the only way the City will realize diversity in its economic base. A sea of townhomes as witnessed on Potomac Greens/Old Town Greens is not about economic development or diversifying the tax base; it is a prescription for heavier service demands and heavier taxes on residences. Page 5 Recommendation 6.
- The Old Town Alexandria Metro Station (formerly King Street) indeed needs a class act development and can readily achieve one if the Metro Parking area could be redeveloped and if the City builds a first class visitor/reception center on the Union Station property next to the Amtrak station. This land is too important and valuable an asset to be wasted as parking lots. Alexandria is uniquely positioned to the world traveler to offer historic sites like the Masonic Temple and the 1906 Union Station Passenger Depot juxtaposed with an historic Rosemont neighborhood, Old Town and new development. Orchestrating these old/new elements into a joint development of the Metro Station Parking lot and Callahan sites for public and private uses would realize one of the Work Group's objectives and provide the City with a proper way to strut its past and its future in a new visitor's center next to rapid, regional and national transit resources.
- The Hoffman (formerly known as Eisenhower Avenue) Metro Station should be redeveloped to encapsulate the station mezzanine into a building using the air rights that the Hoffman Interests own. This would eliminate an ugly station canopy and allow for mixed use transit oriented development within a weather protected environment that was integrated with the station function – how much more transit oriented can you be when the station is part of the development. This innovative approach would allow for great architecture distinct from the look alike boxes that surround.
- The City needs to look into the properties it owns along King Street and develop a redevelopment strategy that supports the King Street CBD and work with a BID like structure to develop and implement that strategy.

- You cannot do fiscal land use planning as recommended by the Work Group and convert all land use decisions to dollars and return on investment. The City is far more complicated than the sum of tax returns and we would be a poorer City if the City fathers ignored the diverse needs of the population and the need to preserve its heritage in return for chasing the highest return on tax revenue as the sole measure of the public good.
- We don't need more parking especially at metro stations – the land is too valuable to store cars and clog our streets with traffic. I would hope we are beyond thinking that parking is our highest form of economic development – we might as well turn the city into a parking lot – then figure why anyone would want to visit or live here.

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12-15-07



<jgregor@eisenhowerpartnership.org>

12/14/2007 12:09 PM

Please respond to
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To <alexvarmayor@aol.com>, <timothylovain@aol.com>, <councilmangaines@aol.com>, <council@krupicka.com>, <delpepper@aol.com>, <paulcsmedberg@aol.com>

cc

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Subject COA Contact Us: Docket Item #10: 12/15/07 City Council hearing

Time: [Fri Dec 14, 2007 12:09:41] **IP Address:** [68.83.223.234]

Issue Type: Mayor, Vice Mayor, and Council Members
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Subject: Docket Item #10: 12/15/07 City Council hearing
The Board of Directors of the Eisenhower Partnership urges your support to adopt docket item #10: Adoption in Principle of the Recommendations of the
Comments: Economic Sustainability Work Group.
Attachment: 5b6f6f778221c1a62f7bda3f263a49e8.doc



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December 14, 2007

The Honorable William D. Euille, Mayor and
Honorable Members of the City Council
City of Alexandria
301 King Street
Alexandria, VA 22314

Dear Mayor Euille and City Council Members

I am writing on behalf of the Eisenhower Public/Private Partnership in regards to docket item #10: Adoption in Principle of the Recommendations of the Economic Sustainability Work Group. The Partnership has tracked closely the deliberations of the Sustainability Work Group and applauds the Mayor for initiating this effort so vital to the future economic development of our city.

The Partnership Board of Directors has discussed the report findings at our recent board meetings. In our 13 years representing the Eisenhower Valley, we have witnessed what can be accomplished when the public sector and private sector cooperate under common goals to bring economic vitality to the Valley. We support the recommendations in principle and we urge City Council to approve them. That said, there are specific items that we would like to have input on as they are considered for implementation. Thus, we fully support the creation of an Implementation Committee to oversee the overall effort.

The Partnership urges the City Council to set an ambitious implementation schedule for the recommendations and stands ready to assist the Mayor and City Council to achieve the goals set forth in the report. In particular, we strongly support initiatives to improve the connectivity of Eisenhower Avenue and moving forward on the Eisenhower West land use study. In addition, we support mixed use development to get better use from the Valley's two metro stations, and the notion of encouraging commercial development throughout the Eisenhower Avenue corridor because this is the City's "economic engine" and commercial development reduces the burden on residential taxpayers.

We would welcome the opportunity to discuss the details with members of the City appointed Implementation Committee. The important step right now is for City Council to approve this docket item in order to move forward with the implementation process.

In the meantime, if you have questions or need additional information, please contact me at 7/684.5124.

Sincerely yours,

Janet R. Gregor
Executive Director

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