

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 4, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: PROPOSED AMENDMENTS TO THE CITY'S MARKETING FUND APPLICATION GUIDELINES

ISSUE: Proposed amendments to the City's Marketing Fund Application Guidelines.

RECOMMENDATION: That City Council adopt the proposed amendments to the Marketing Fund Application Guidelines (attached) as proposed by the Marketing Committee.

DISCUSSION: In 1993, as an economic development initiative, City Council established a permanent Alexandria Marketing Committee (Committee) to oversee the administration of the City's new Marketing Fund, adopted Alexandria Marketing Fund Application Guidelines (Guidelines), and amended the City Code to set out the Committee's purpose and function (City Code Section 2-4-63). In order to fund marketing efforts, every fiscal year since FY 1994 City Council has appropriated \$100,000 to the Marketing Fund (except in FY 2000 when City Council divided the Marketing Fund into \$50,000 for the 250th Anniversary activities and \$50,000 for regular Marketing Fund activities).

The goals of the Marketing Fund as stated in the Guidelines have been, and are recommended to continue to be:

- To develop the marketing projects that enhance the long-range marketing plans adopted by the Alexandria Convention and Visitors Association (ACVA) and the Alexandria Economic Development Partnership (AEDP).
- To foster cooperation among City, civic, and business organizations in the promotion and the marketing of Alexandria.
- To increase the awareness and expand the quality of Alexandria's diverse retail, dining, hospitality, and other businesses.
- To promote Alexandria as a destination for the leisure and business traveler.
- To generate additional business sales and tax revenues in Alexandria.

Alexandria-based organizations or groups of businesses interested in promoting visiting, shopping, dining or doing business in Alexandria may apply to the Committee for monies in the Marketing Fund on at least a one-to-one matching basis. Funds must be used for direct marketing expenses, and the match to the Marketing Fund must also represent direct marketing expenditures. The application for marketing funds includes a project description and budget and the expected return on investment. The Committee reviews the applications (which may be submitted at any time during the fiscal year) and then determines whether to provide funds, as well as establish how much of these funds would be used.

The Marketing Committee is proposing an amended set of Marketing Fund Application guidelines (attached - with additions and deletions shown) aimed at addressing a number of issues which have arisen during the last year or so when applications were received and reviewed:

These issues include:

- While the Marketing Fund has operated as a way for not-for profit organizations (museums such as the Lee-Fendall House, business partnerships such as the Potomac West Business Association (PWBA), and non-profits such as the Alexandria Convention and Visitors Association (ACVA) or the Art League) to obtain matching City Marketing Funds for the advertising and promotion monies they raise, there was no prohibition in the written Marketing Fund Guidelines regarding for-profit organizations from being eligible for receiving Marketing Fund grants.

During FY 2004 an advertising/communications company in the City submitted two applications which could be considered under the existing Marketing Fund Application Guidelines. This company had solicited City business advertisers and had reduced its normal ad rate for those businesses. The Marketing Fund was then asked to match the discounted ad rate which, in effect, made up a large portion of their discounted ad rate cost. While cooperative advertising and promotion by businesses (i.e., such as pooling funds to purchase an advertising insert in a publication) is a keystone of the Marketing Fund, the initiative and pricing in this cited instance was for-profit firm based and did not arise from a not-for profit organization or group of businesses working together for their common good.

After much debate and analysis, the Marketing Fund Committee approved \$8,400 for one of these two for-profit based advertising/communications company applications and denied the other. The Committee members unanimously subsequently voted to request that this for-profit applicant eligibility in the Marketing Fund Guidelines be eliminated. If not eliminated, for example, a newspaper could make an application to the Fund for City monies to subsidize their advertisers.

The attached amended Guidelines proposes that “Applications may be submitted by organizations not organized for profit” as the method of addressing this issue.

- The Marketing Fund Committee membership includes a representative from “Alexandria restaurants,” but with no active restaurant association in the City, that seat has been vacant. It is proposed that this restaurant seat now be appointed by the Marketing Committee.
- At times the Marketing Committee has been asked to approve a grant after funds have been spent. The proposed Guideline amendments make it clear that prospective expenses only are eligible for Marketing Fund support.
- The definition of direct marketing and advertising has been clarified in these proposed Guidelines to include the costs of advertising distribution and postage. This is because sometimes advertising costs include distribution and postage costs, and sometimes those are separate costs. Either way, they are a legitimate part of advertising and promotion.
- It is proposed that in-kind funding will no longer be permitted to match Marketing Funds. In the past, the definition of in-kind and the valuation of it has been very problematic and difficult to accurately cost out.
- Other minor administrative amendments are also proposed.

FISCAL IMPACT: The changes in the Marketing Fund Guidelines will likely have a slightly positive fiscal impact as for-profit entities will no longer be eligible to apply and to receive Marketing Fund monies. It should be noted that in FY 2003 the Marketing Committee approved 10 applications totaling \$78,400 and to date in FY 2004 the Marketing Committee has approved 7 applications totaling \$90,618.

ATTACHMENT:

Proposed Amendments to the Alexandria Marketing Fund Application Guidelines

STAFF: Mark Jinks, Assistant City Manager

Proposed Amendments to the Alexandria Marketing Fund Application Guidelines

Background

First introduced in Alexandria's FY 1994 budget as part of then-Councilman Kerry Donley's Business Development Plan, the Alexandria Marketing Fund is designed to increase revenues within the City by fostering public/private partnerships that promote Alexandria as a destination for visiting, shopping, dining and doing business. City Council has appropriated \$100,000 to the Marketing Fund each fiscal year since that time.

To administer the Fund, the City Council created the **Alexandria Marketing Committee**, a public/private group with representatives of:

- City Council
- City Manager
- Alexandria Chamber of Commerce
- Alexandria Convention and Visitors Association (ACVA)
- Alexandria Economic Development Partnership (AEDP)
- Alexandria Hotel Association (AHA)
- Alexandria restaurants **(to be appointed by the Marketing Committee)**
- Eisenhower Partnership
- King Street Metro Enterprise Team (KSMET)
- Landmark Mall
- Old Town Business Association (OTBA)
- Potomac West Business Association **(PWBA)**
- Torpedo Factory Artists Association

In 1994, the Committee conducted a survey of Alexandria businesses and developed an initial marketing plan to identify the goals of the Marketing Fund. Since that time, these goals have been adapted to enhance the long-range marketing plans of ACVA and AEDP as approved by their respective boards of directors and the Alexandria City Council.

Marketing Fund Goals

- To develop the marketing projects that enhance the long-range marketing plans adopted by the Alexandria Convention and Visitors Association (ACVA) and the Alexandria Economic Development Partnership (AEDP).

- To foster cooperation among City, civic and business organizations in the promotion and marketing of Alexandria.
- To increase the awareness and expand the quality of Alexandria's diverse retail, dining, hospitality and other businesses.
- To promote Alexandria as a destination for the leisure and business traveler.
- To generate additional business sales and tax revenues in Alexandria.

Eligible Applicants

Applications may be submitted by organizations **not organized for profit**, or groups of businesses interested in promoting visiting, shopping, dining or doing business in Alexandria. Only Alexandria-based **organizations or groups** may apply.

~~A recognized coalition of businesses that will benefit from the joint marketing effort must endorse the project or, preferably, contribute to funding the project.~~

City agencies (defined as any agency under the direct control of an elected City official; or which reports directly to the City Manager; or any board or commission where all its members are appointed by the Alexandria City Council) may not apply directly to the Marketing Fund; however, they may be a partner (but not a principal partner) in a project proposed by **an organization or a private group**.

Eligible Projects

Proposed projects must meet the goals of the Fund by:

- Noting how the proposal enhances the long-range marketing plans of either ACVA or AEDP, or both.
- Fostering cooperation and coordination among multiple businesses and organizations to promote Alexandria as a destination for visiting, shopping, dining and doing business.
- Leveraging public dollars with private investment by at least one-to-one.
- Increasing visitors and/or business in Alexandria.
- **Including marketing campaigns outside Alexandria and marketing in advance of the event.**

In general, Marketing Fund grants will be made available **for new or increased marketing efforts** as well as the continuation of previous marketing efforts at the same level. However, priority will be given to the new or increased marketing effort applications. **Grants from the Marketing Fund will not be considered for project expenses which have already been incurred prior to consideration by the Marketing Committee.**

Proposals **must** demonstrate measurable ways in which funding will generate increased business sales and tax revenues in the City. Proposals that do not **clearly define measures of success** will not be reviewed by the Committee for consideration.

Applications may be submitted for promotional activities related to special events, but not for operational costs. The Committee will review **direct marketing or advertising expenses only**, not labor, office, or other logistical costs of the event. The dollar for dollar match will be based upon direct marketing or advertising expenses (**including distribution and postage costs only**) only. (See section below on "Marketing Funds.")

If advertising is being proposed, reference **must** be made **if feasible** to at least one of the following organizations and include logo identification (if available), phone number and, if possible, web site address:

- Alexandria Convention and Visitors Association (ACVA)
- Alexandria Economic Development Partnership (AEDP)
- Alexandria Chamber of Commerce
- Alexandria Hotel Association (or its 1-800 accommodations number)
- *Park Alexandria* (required for projects impacting the special parking district in historic Old Town Alexandria)
- **City of Alexandria**

Copies of the logos and related information may be obtained from the respective organizations.

~~Applications from p~~Parties who will provide goods or services in connection with the proposed project for which they will earn fees, commissions, or other compensation must state the amount of such payments (~~specifying the estimated profits to be earned on the project~~). Grant funds, defined as the funding made available from the Alexandria Marketing Fund, may not be used to support operations of any organization or contribute to profits earned.

Marketing Funds

Grants from the Marketing Fund must be matched **at least 1:1** by private sector or other organizational dollars. Other organizational dollars include, but are not limited to, City;

~~state or federal grants or governmental~~ funding. As noted earlier, the Committee will review only **direct marketing or advertising (including distribution and postage) expenses** when considering matching funds. Labor, office, and other logistical costs should be included in the budget provided, but will not be counted towards the dollar for dollar match. The dollar for dollar match will be based upon direct marketing or advertising expenses only.

If the dollar for dollar match is not finalized by the date of application, groups must note on the application cover sheet and in the written proposal a listing of **at least 50% financial commitments** in order for an application to be considered. Such groups will be given an additional 30 days (or date established by the Committee) to obtain remaining financial commitments or forfeit their grant award. Commitments must be presented to the Committee Chairman. In-kind funding will **not be permitted to be used towards matching funds.** ~~for up to 20 percent of project costs (direct marketing or advertising expenses). The remaining 80 percent must be dollars.~~

Review Criteria

The Alexandria Marketing Committee will review and rank applications to the Marketing Fund according to the following criteria. The Marketing Fund Committee will review applications for eligibility, completeness and relevance to the Fund's goals and objectives:**based upon the following:**

- Specific relevance to the long-range marketing plans of either ACVA or AEDP, or both. *Executive summaries of these plans are attached to these guidelines.*
- Appropriateness of target market(s). Such target markets might include, for example, attracting meetings and conferences, attracting tour bus groups, increasing overnight weekend visitation, promoting the City during holiday seasons or promoting business development or redevelopment in the City.
- Clear description of how proposed project generates **new or increased** marketing for the City, or the continuation of previous efforts at same level. Cooperative advertising is strongly encouraged if the advertising meets the other criteria listed and promotes the City as a good place to visit, shop, dine and do business. Ads that simply list participating businesses without promoting the City will not be considered.
- Demonstration of public/private partnership or cooperation and the involvement of many businesses. **If feasible,** Reference must be made in all printed materials and advertising to at least one of the following organizations with its logo, phone number and, if available, web site address: ACVA, AEDP, Alexandria Chamber of Commerce, Alexandria Hotel Association, ~~or its 1-800 accommodations number,~~

~~or Park Alexandria if project is in the historic Old Town special parking district or the City of Alexandria.~~

- Commitments of participation by at least 50% of the required number of businesses to meet the dollar for dollar match. (e.g., If 20 businesses must participate in order to meet the matching requirement, the names, addresses and phone numbers of at least 10 businesses must be presented to the Marketing Fund Committee for consideration.)
- Mock up dummies of all printed advertising, including newspaper, magazine, brochures, direct mail pieces, web sites, dioramas, etc., are required on the application review date for the Marketing Fund Committee.
- Specific techniques to be used to measure the success of the project in terms of increasing business sales and tax revenues in Alexandria. (e.g., How will **the estimated** return on investment **or effectiveness of the marketing efforts** be determined?)
- Detailed income and expense **marketing budget for the Application**. Specific line items for all income and **marketing** expenses for the project must be included as part of the ~~proposal~~ **application**.
- **The application must be in a form and structure as prescribed by the Marketing Committee or it will not be considered by the Marketing Committee.**

Application Review Process

For an application to be reviewed, the Marketing Committee Chairman must receive an original and 14 photocopies of a complete application, including cover sheet and accompanying materials requested on the application ~~by the advertised two weeks prior to the Marketing Committee's established due dates.~~ **The Marketing Committee may establish a process of electronic filing of the applications.** The Marketing Committee will review applications for eligibility, completeness and relevance to the Fund's goals and objectives.

Because of the nature of this public/private partnership effort, the Committee reserves the right to request additional information. The Committee may request a five-minute presentation by the applicant(s) to ensure that the Committee has adequate information for a funding determination. Following presentations, the Alexandria Marketing Committee will review applications and evaluate them according to the criteria stated above. Committee recommendations will be determined by majority vote of those in attendance. The Committee reserves the right to fund a project fully, partially or not at all.

If a profit is made on an event/project, grantees may be required to make a contribution to the Marketing Fund from the proceeds of a project supported by the Marketing Fund. All such contributions will be used for additional Marketing Fund projects.

Final Reports

Applicants receiving grants from the Marketing Fund must provide the Committee Chairman with a final report within **30** days of the completion of the project. Final reports should describe the project and identify how well it met the goals and objectives of the Marketing Fund's contributions, including what measurements and evaluation process were used. Be as specific as possible.

Note: Final report extensions may be granted at the sole discretion of the Marketing Committee Chairman.

Application Submission

In Subject to appropriation by City Council, for each fiscal year there will be \$100,000 available to the Marketing Fund. Send one original and 14 photocopies of the completed application, including cover sheet and accompanying materials to:

Mr. Roger Parks, Chairman
Alexandria Marketing Committee
c/o American Advertising Distributors of NOVA
708 Pendleton Street
Alexandria, Virginia 22314
(703) 549-5126

Attachments

- ~~Cover sheet for application~~
- **Summary of ACVA/AEDP Three-Year Marketing Plans**

Alexandria Convention & Visitors Association (ACVA)

Strategic Marketing Plan (2004 - 2007)

Vision: To become the premier destination marketing organization by exceeding expectations through innovation and creativity.

Mission: To generate tourism and conventions that increase revenues and promote the City of Alexandria and its assets.

Program Objectives

ACVA will increase tourism spending in the City of Alexandria by

- developing new markets;
- increasing the length of the visitor stay;
- integrating existing marketing tools while
- developing creative new tools
- developing new tourism products
- promoting new Alexandria and regional products

The ACVA will work in collaboration with public and private partners to maximize opportunities and provide a single message to the leisure traveler while enhancing existing programs and developing new markets. This plan should serve as a road map for the City directing a more unified approach to attracting tourism dollars. The plan serves as the foundation for developing more sophisticated and aggressive marketing strategies.

Cooperative advertising, joint strategizing and participation on regional, national and international sales missions and trade shows will allow ACVA to display the unique and diverse attractions of the City. The Greater Washington Region has long been the political capital of the world. It is now emerging as (and should be marketed as) a world class cultural and heritage center as well. Alexandria plays a significant role in this cultural emergence.

Travel Industry Trends and Economic Impact

Overview

Recent statistics released by the Travel Industry Association of America (TIA) report that Washington, D.C. had an estimated 18.1 million domestic visitors in calendar year 2001 – a slight increase in travel volume over 2000. However, the entire tourism community, especially the lodging industry, is still feeling the effects from the September terrorist attacks and the slowing economy. In fiscal year 2002 (July 2001-June 2002), regional hotel occupancy was down 11 percent and daily room rates and RevPar (revenue per available room) showed a sharp decrease of 13 percent and 16 percent, respectively.

The City of Alexandria did somewhat better than the region with 11 percent decrease in occupancy, 7% in ADR and 13% in RevPar; however, this is still far below where we need to be.

After four years of steady hotel revenue growth, the city's hotel industry is now seeing those gains disappearing with rates going below 1996 levels. This coupled with the devastating losses immediately after 9/11 has resulted in a decrease in revenue per available room – the measure that hotels use as their benchmark of profitability. National figures for RevPar were only down 7 percent while the region experienced a 16 percent decline.

While government business is helping to maintain many of the hotels in the City, government overnight visitors are not subject to the hotel taxes that are so vital to maintain our City services. The city government has seen rapid decreases in hotel tax revenue.

According to Chmura Economics & Analytics, the Greater Washington region's over all economy "remains surprisingly slower than the nation." Economic growth is 3 percent less than in previous years and certain technology sectors, most notably telecommunications, are a tenth of their previous market value. The news continues to be grim for the airline industry. The bankruptcy of Arlington-based USAirways is bound to have a negative effect on the cost of flying to and from Washington.

However as the economy begins to rebound and business travelers again begin to fly around the county, a great opportunity is available for Alexandria to market to both business and leisure travelers.

Target Markets

The mid-Atlantic states have long been the strongest leisure markets for Alexandria and the region. Areas of California, Texas, Ohio, North Carolina and Florida are second tier or emerging markets. (All international marketing for the region is being handled through Capital Region USA; therefore, for purposes of this plan only, domestic markets will be discussed.)

While business travel plays a major role in the region's travel economy and has decreased in the last year, ACVA is not primarily focusing on the business traveler. We recognize that these travelers are also leisure travelers and will be reached through our leisure marketing efforts.

TIA and other travel studies show that visitors are making shorter trips, staying closer to home and traveling by auto more often. This may be due in part to 9/11 events, a slowing economy, and simply less available leisure time. The drop off in airline travel, the difficulties at Amtrak, and the reduction in the number of motor coach tours also reflect this trend.

While focusing on the five-hour-drive-or-less visitor, ACVA can not ignore emerging markets. As the economy rebounds and airline travel regains its footing, the City must be ready to take advantage of these "new" markets. That will not be possible unless we begin now to develop those markets through targeted and consistent messaging. As we

move forward with aggressively marketing to the nearby drive market, ACVA must also devote resources to strengthening our second tier markets.

Regional Assets

The Greater Washington region is rich in cultural and historic assets. 65 percent of American adult travelers say they included a cultural, arts, heritage or historic activity or event while on a trip in the past year. These travelers tend to be more affluent and tend to extend their visits. By creating linkages among the many historic and patriotic events and entities in the region, ACVA can increase its share of the tourism dollars flowing into the region.

Reaching the Consumer

Communicating with the leisure traveler continues to be an ever increasing challenge. They are being bombarded with slick ads and videos. ACVA must develop unique messages and designs and have those images reach the target audiences in many different ways – through the Internet, email blasts, direct mail, print advertising, travel stories, and much, much more. Past marketing studies have shown that to get a consumer's attention, he or she must receive the same message at least three different ways over a period of time.

Collaborating on travel information, establishing “one-stop” shopping for the traveler, creating a first-rate communications system with a qualified database system and surveying or “listening” to the visitor to find out what kind of information they want and need when visiting the area will be of paramount importance in developing a more successful approach to providing traveler services. Through the GWTA, ACVA will work toward improving visitor services and information for regional travelers

By refining the FunSide.com web site and linking our site with other regional and state sites and working toward a centralized hotel booking agent, and an 800 information line, ACVA can ensure that the visitor will have all needed information at hand and will be able to plan and implement their trip quickly and hassle-free.

At the same time, ACVA must not ignore the region's citizens. Travel studies show that the majority of travelers continue to get their travel information from their friends and family. With 7 million people living in the region, ACVA will connect with our own residents and the residents of the region to ensure they are provided the information needed to act as “regional tourism agents.”

Data-driven Marketing

Marketing is only as good as the data used to develop the strategies. ACVA is committed to developing marketing programs based on certifiable research. ACVA is working now on a year long study to determine an Alexandria visitor profile. This research and others will be analyzed to determine where additional research may be needed, as well as, continuously update and refine the existing data.

Results

Over the next three years, the Alexandria Convention & Visitors Association will lead the GWTA toward reaching the goals and objectives established at the first annual GWTA Marketing Retreat. The success of the GWTA will be based on the cooperation and collaboration of our elected officials, private business leaders, regional and state tourism officials, economic development authorities, attractions and non-profit leaders and residents. With all partners working together these goals will be reached and exceeded. Alexandria as well as the other cities and counties within the region will benefit from this collaboration.

FY 2004 Marketing Plan

- Goals:**
- Increase overnight tourism figures (hotel statistics) by 2% each year*
 - Increase regional tourism tax revenues by 5% each year*
 - Increase regional tourism economic impact figures by 5% each year*

**Note: The percent growth will be measured against a three-year average of fiscal years 98, 99 and 00 figures. FY01 and FY02 are not included in the average because of certain events that caused the figures to be out of proportion with previous years.*

Strategies:

1. Develop Alexandria visitor profile and travel trends
Action Steps:
 - Compile existing public and private research
 - Analyze existing research to determine need for more targeted data
 - Contract with marketing research firm to continuously update and modify data to be used for marketing programs
2. Coordinate marketing, sales and public relations plans to strengthen initiatives and realize cost efficiencies
Action Steps:
 - Develop advertising matrix and refined tracking system
 - Consolidate individual publication ads into regional approach to reduce cost and increase visibility
 - Coordinate messages by linking existing products work with D.C. Heritage Coalition and other regional cultural groups
 - Target areas for direct mail and/or email marketing opportunities
 - Combine sales missions with other jurisdictions for greater exposure in current target areas
 - Establish working partnerships (through GWTA) with federal agencies and cultural groups in the tourism industry to better promote Alexandria within the region
 - Develop aggressive program to establish collaboration among businesses, citizens and elected officials in support of tourism issues
 - Coordinate with Washington Region to establish a presence and image at designated trade shows
 - Design, implement and maintain "interest mapping" web site
 - Design "grid" or "pocket" maps for the City of Alexandria highlighting retail, historic, restaurants, etc. within clusters

Tracking Mechanisms:

- Designate 800 numbers for each marketing/advertising initiative
- Track web site statistics
- Analyze advertising costs versus exposure
- Track increase in visitor inquiries

3. Participate in two new regional marketing programs each year

Action Steps:

- Partner in a semi-annual regional travel planner targeting current and secondary markets with a consumer company partner
- Position Alexandria as centerpiece of thematic regional brochures

Tracking Mechanisms:

- Analyze number and quality of advertisers
- Track web site statistics
- Track through visitor response cards in travel planner
- Survey visitors

4. Create public relations plan coordinated with other ACVA Teams and when appropriate other regional entities

Action Steps:

- Direct mail to targeted members of the Society of American Travel Writers
- Contact editorial boards of major travel and industry publications to promote events and activities
- Plan and implement regional FAM tours for selected media
- Work with regional media outlets to highlight Alexandria events and products

Tracking Mechanisms:

- Number of travel articles initiated
- Regional and national media highlighting ACVA
- Number of individuals or groups working with ACVA

5. Increase international visitor spending in Alexandria region through Capital Region USA marketing initiatives (see CRUSA marketing plan)

Performance Measurements (compare with previous period and the nation)

- Increase in hotel occupancy, ADR (average daily room rate) and Rev Par (Revenue per available room)
- Increase in tourism taxes collected per jurisdiction
- Increase in economic impact analysis figures
- Increase in web site statistics
- Increase in visitor inquiries
- Increase in attendance at events (ticket sales only)
- Positive responses to visitor center surveys

ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
THREE-YEAR MARKETING PLAN
JULY 2001 - JUNE 2004

MISSION:

To market the City of Alexandria, Virginia as the premier business location to expand economic activity and enhance the quality of life.

Principle Goals:

- To attract new high quality employers.
- Enhance the City's pro active business expansion and retention programs to assist existing employers.
- Promote the City's image as a "business friendly" community.

BACKGROUND AND HISTORY

The City of Alexandria's economic strength is built on its historical and cultural resources, its ambience, public safety, transportation access, and its proximity to Washington, D.C. The concentration and diversity of restaurants, shops, hotels, parks, marinas and historic attractions in the City create a sense of community and an international appeal that are unparalleled in the metropolitan area.

Like most jurisdictions competing for limited property and sales tax revenues in a large metropolitan region, the City of Alexandria possesses an active and sophisticated economic development program. Various activities are conducted by the Alexandria Economic Development Partnership, Inc. (AEDP) for attracting new investments and jobs to the community, as well as retaining existing business and industry.

The AEDP is a public/private partnership between the City and the business community. It is designed to foster growth for the City of Alexandria, increase its tax base, and enhance the quality of life the City's businesses and residents enjoy. The efforts of the AEDP are focused on the attraction and retention of businesses by marketing the City as a great business location. Outreach is extended in many different ways to real estate developers and brokers, small and minority businesses, technology companies, associations, headquarters operations and international firms. In addition, AEDP participates in a wide range of City, regional, state, national and international groups to further the understanding and sharing of knowledge on economic development.

The efforts of the AEDP provide a full range of economic development policy options.

Efforts include programs to help small and minority-owned businesses, promotional pieces for targeted industries, demographic profiles for potential users, business outreach efforts with lead city officials, advertising and editorial contributions to newspapers and trade journals and prospect assistance. These efforts are comprehensive and successful because of the many partnerships formed in the community and the region.

Over the past twenty years, economic development efforts have been focused toward building a stable, expanding and diversified business base that generated job growth, commercial development, retail trade, and industrial use. This diversified approach to business attraction was brought about with the realization that the multitude of business categories and geographic regions represented in the local economy would reduce the effects of any downturns in a single industry. Companies the AEDP has assisted through attraction and retention efforts are:

- | | |
|---------------------------------|--------------------------------------|
| ★ Carney & Associates | ★ Center for Naval Analyses |
| ★ Lord & Taylor | ★ Circe Day Spa & Wellness Center |
| ★ Gymboree Play & Music Program | ★ St. Colletta School |
| ★ Marriott Residence Inn | ★ American Soc. of Clinical Oncology |
| ★ Gold Crust Bread | ★ worldweb.net |

Since mid 1996, AEDP has diligently work to attract the U.S. Patent and Trademark Office (PTO) to Alexandria. This long process came to fruition when in March 2000, City Council approved changes to the Carlyle Master Plan and special use permit to allow the PTO to relocate from Arlington to the Carlyle site. PTO will include 2.5 million square feet of office and related space, housed in five buildings, with two parking garages. The first building will be completed in 2003, and the complex will be completed in 2004. When fully built, PTO is projected to bring 7,100 new jobs and \$6.4 million in annual net new tax revenues to the City.

These efforts have also helped the City of Alexandria emerge as a major business center in the greater Washington region.

Today, the City of Alexandria is in a better position than anytime in recent history. However, the City's continued vitality will depend on the strengthening of its capacity to generate local revenue. In order for Alexandria to remain competitive with other local jurisdictions, it must position itself to capture a greater share of the region's markets. However, currently, commercial real estate generates less real estate tax revenue than residential. A commonly accepted goal of economic development is a broad tax base, and therefore it is imperative that the balance of residential and commercial be maintained to keep Alexandria's economy strong.

The City of Alexandria has evolved into an exciting community by combining historic charm,

History of residential construction in Alexandria

	New Construction
FY 2000	1,500
FY 1999	746
FY 1998	1,840
FY 1997	388
FY 1996	657

urban conveniences, and, an unparalleled location with a wide range of commercial real estate products. Alexandria has become a dynamic business center that is the foundation of a diversified economy — an economy composed of a wide range of office, retail, and industrial users spanning the spectrum of industries and services. The City has carved out a solid and comfortable niche in the regional market. However, Alexandria must capture a greater share of the Region's market to remain competitive.

TYPES OF USES

A diversity of industry sectors is essential to maintain strong economic base. By marketing to a range of industry sectors such as technology companies, unique retailers, associations and light manufacturers, the AEDP can make strides in keeping the economic base diverse and insulate the City from economic downturns. A diversified economy is essential to the balanced growth of Alexandria as a business destination.

- ▶ **Technology Companies** continue to be a primary focus of AEDP efforts. These new economy companies are becoming more sophisticated and established. They seek urban locations with amenities and bring in an educated workforce seeking the quality of life Alexandria offers. The recruitment, creation and retention of technology companies are all-around positive strategies which benefit both the companies and the City.
- ▶ **Retail in Alexandria** needs additional focus in order to establish the City as a retail destination offering a full range of products, quality and selection. Both the main street retail of Old Town and Mt. Vernon Avenue and the larger retail at the shopping centers needs strengthening in order to maintain a competitive edge and to serve and attract a larger clientele from the Northern Virginia area as well as the needs of the residents of Alexandria.
- ▶ **Associations** have been an incredible success for Alexandria and continues today. The success of the City in attracting these financially solid organizations with an educated and well compensated staff has been a boom to the City. The natural tendency of industry sectors to agglomerate means that Alexandria will continue to be a top choice destination. Associations bring value, prestige and high levels of tenant-ownership into the City of Alexandria.
- ▶ **Light manufacturing** is at a critical point in the City and its fundamental survival is at stake. The manufacturing sector not only provides excellent job opportunities for segments of the population but also serves the needs of the other industries. Machine shops, catering companies, printers and limited manufacturers provide service to the City and the retention of these industries is critical to a continued balanced economy. Limited space makes it difficult to recruit new manufacturers and such efforts should focus on retention.
- ▶ **Professional service firms** are attracted to Alexandria mainly because of its geographic proximity to Washington, D.C. and the Federal Government, which is the world's largest purchaser of professional services. Our strategy involves working with these businesses to identify opportunities and concerns, and to offer diverse assistance in addressing them. AEDP will expand its cooperative alliance with strategic state and regional partners to better serve the needs of these firms.

BUSINESS CLUSTERS

Business clusters are geographically bounded groups of similar or complementary companies that share specialized needs, have active channels of communication and have common opportunities or threats. Due to the geographical nature of the City, Alexandria has an opportunity to work with local businesses to establish these clusters and create business-to-business linkages and networks. Communities that form and encourage networks will build a competitive infrastructure and win in both expansion and recruitment. All business sectors can benefit from these linkages, especially Alexandria's technology, associations, retail and industrial companies. The Alexandria Technology Council is the result and example of creating a business cluster. By taking a more pro-active role, the AEDP can work with these businesses to ensure that they are getting benefits from being more active.

- ▶ **Technology companies** are clustering in the Old Town area and creating a new hip and urban consumer base. Drawn to the area by the variety of office products, an extensive array of restaurants and other services, technology companies are finding this to be an incredible asset in recruiting new staff. As more attention is turned toward Old Town as a technology cluster, more companies will be seeking to become part of the game. AEDP will be marketing to these companies and ready to assist them in relocation issues.
- ▶ **Associations** continue to identify Alexandria as a premier destination. Affording unique office space, small-sized buildings and access to quality residential products, Alexandria can attract associations looking to establish long term roots in an affordable and viable business community that is accessible to downtown Washington, D.C. The associations rely on each other for industry issues (the agglomeration of education-related associations is not by accident) and they also provide a market for the professional and corporate services -- thus increasing the growth of other businesses.
- ▶ **Retail clustering** in Old Town, Mount Vernon Avenue and the Landmark area continue to be priorities. The attraction of businesses which are good for tourism, good for citizens and meet the everyday retail needs of residents and business is difficult to balance. In order for the market to appeal to all consumers, it is critical to increase all sources of retail.
- ▶ **Light manufacturing** firms in Alexandria occupy comparatively more space in terms of square feet to area than in any other local jurisdiction in Northern Virginia. The long-term nature of investment in manufacturing plants and facilities creates an important stake for these companies in the economy of Alexandria. More than most other industries, manufacturing companies can benefit from improving cross-industry interaction, and developing networks for services, supply sources and workforce training. AEDP's role will be to serve as a resource to assist these companies meet the changing needs of manufacturing, develop contacts to address their unique circumstances, and to help them maintain a competitive edge in technology and the marketplace.

TARGETED INITIATIVES

GOALS AND OBJECTIVES

To attract new high quality employers.

- Promote the City's expeditious plan/permit review process.
- Actively promote the local, state and federal financing opportunities.
- Continue real estate broker network to facilitate information distribution.
- Continue to promote the regularly updated commercial space inventory data base.

Enhance the City's pro active business expansion and retention programs to assist existing employers.

- Identify companies with expansion requirements or those at risk of relocating outside the City.
- Conduct a business & industry survey of small businesses in the City
- Continue the existing business expansion and retention contact program by staff which is focused on companies employing 100 or more persons.
- Continue partnering with strategic alliances and other appropriate organizations to keep informed of issues affecting the business climate and overall economic health of the community
- Conduct business assistance seminars
- Continue the successful Mayor's Local Business Outreach Program.

Promote the City's image as a "business friendly" community.

- Serve as an "Ombudsman" for the business community to provide assistance in resolving problems with local government.
- Maintain strong business liaisons with existing City departments.

CONCLUSION

The City of Alexandria has several separate, identifiable commercial areas, each with its own history, characteristics, zoning, and access. These commercial areas are quite diverse, and their diversity lends itself to various opportunities for economic investment. AEDP has carefully studied each of these areas and has tailored its marketing strategies to match the needs, resources and goals in each commercial area in the City. Future development in the City will concentrate on these commercial areas. By this, the City will remain financially strong and be able to provide a sound environment and quality services to its businesses and residents.

Economic development involves every sector of the community from all City departments to tourism to the school system to the residential community. Every sector of the Alexandria community affects the successfulness of economic development efforts. The results of a coalition of the public and private sector can establish the dynamics for Alexandria. This partnership pools talent, energy and resources to reach an ultimate goal - - making Alexandria a premier location to live, work and do business.