

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 22, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO # 82: ECONOMIC IMPACT STUDIES AND FUNDING FOR AEDP

This memorandum responds to Councilman Macdonald's request related to in-depth in-house economic impact studies, as well as the economic consequences of reducing or eliminating funding for AEDP.

Economic Impact Studies: Council members Krupicka and Smedberg had raised this issue a number of months back and staff from a number of departments have met to discuss what types of development projects and how in-house economic studies could be produced. This analysis of what is possible to undertake in-house, and a framework of how to undertake an economic analysis, is not as yet complete but is expected to be ready for Council consideration by the end of May. In general, staff have been evaluating when such analyses are most useful, what data should be collected and reported, and for what sizes and types of projects this information would be helpful to decision makers. At this point, adding internal resources to perform these analyses is not contemplated to be necessary.

Eliminating Funding for AEDP: The economic consequences of eliminating funding (\$534,122 in City funding and \$219,563 in IDA bond fees which are directed by the City to AEDP) of a City economic development function are negative and something that I would not recommend. Every major jurisdiction in this area, and most all major jurisdictions in the U.S., fund an economic development organization, although Alexandria is the only major jurisdiction in this region with an external non-governmental economic development organization. Economic development offices provide a local government with needed resources to help a community sustain its economic health and to grow its tax base. The commercial business community also looks to a government's economic development function as a resource which understands both business and community needs. For example, AEDP staff are the lead representatives for the City in providing information to the Public Broadcasting System, as well as responding to PBS questions in their headquarters competition process (their lease on Braddock Road is expiring and PBS, with its 500 employees, might leave the City if they choose not to renew their lease). Recently AEDP volunteered to help the City in some of its planning processes. While it is not AEDP's role to do what is Planning & Zoning's work, it certainly can be helpful in implementing the commercial portions of Small Area Plans - such as the Arlandria Plan - after those plans are approved by City Council.
