

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 9, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: CONSIDERATION OF REQUESTING THE BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE TO CONDUCT A REVIEW OF ECONOMIC DEVELOPMENT ACTIVITIES IN THE CITY

---

**ISSUE:** Economic development related budget requests for FY 2006.

**RECOMMENDATION:** Request that the Budget and Fiscal Affairs Advisory Committee conduct a review of the City government funded economic development activities in the City.

**BACKGROUND:** One of the topics covered at the November 20 Council Retreat was that of the various economic development activities in the City carried out by over a dozen private non-profit organizations and governmental offices in the City. Some of these organizations are privately funded and operated, but many of these organizations receive large portions of their budgets from the City. For FY 2005, the City will spend over \$3 million dollars on these activities, including \$2.7 million for the Alexandria Economic Development Partnership (AEDP), the Alexandria Convention and Visitors Association (ACVA), the Small Business Development Center (SBDC), the Eisenhower Partnership (EP), the Marketing Fund and the Holiday Marketing Program. Other City funds will be expended on planning studies (such as the Mt. Vernon Avenue Plan), for the Business Facilitator function, as well as in various City operating programs. For FY 2006, the budget requests from three of the economic development-related non-profit organizations which the City funds (AEDP, ACVA, SBDC), as well as the new West End Business Association (WEBA), total some \$3.1 million, which represents a record \$636,000 or 26% budget request increase for these organizations.

In light of the major City funding of economic development groups, and in light of the major City development and retail studies currently underway, several questions have been raised by residents, the business community and Council members about the extent, coordination and effectiveness of economic development activities in Alexandria. During the Council's visioning sessions and more recently at the Council's Retreat, you received a briefing from City staff that highlighted not only budget information, but also the varying missions, organizational structure, financial support and performance measures of the public/private organizations and City offices and departments engaged in economic development.

Councilmen Smedberg and Krupicka have recently proposed that the Budget and Fiscal Affairs Advisory Committee (BFAAC) conduct a more detailed review of the organizations and City departments and offices engaged in economic development activities in Alexandria. The proposed review would specifically look at the missions and major goals, organizational structure, financial support and performance measures for each organization and the degree to which the organizations and offices work together to achieve clearly defined City economic development priority goals. They believe, and I agree, that an impartial BFAAC review would help put the varied economic development activities in context as we prepare for important policy and budget discussions related to the Fiscal Year 2006 budget. Ideally, Councilmen Smedberg and Krupicka recommend that BFAAC report back to Council by early April 2005 – or sooner if feasible – so there is ample time to review and assess the report's findings prior to budget proceedings.

A second part of the follow up to the City Council Retreat discussion on economic development and to Council's Strategic Plan will be to prepare, for Council consideration, an outline for the planned future retreat on the topic of the future of the City's economic health. A retreat proposal (topics, participants, desired outcomes) will be developed and brought forward by City staff, working with the economic development organizations, for Council consideration in January. BFAAC's work will need to be structured so as to consider the actions of this retreat in their analysis.