


*City of Alexandria, Virginia*

---

**MEMORANDUM**

DATE: SEPTEMBER 18, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF AN OPERATING AGREEMENT AMONG THE CITY OF ALEXANDRIA, THE ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP, AND THE ALEXANDRIA INDUSTRIAL DEVELOPMENT AUTHORITY

---

**ISSUE:** Consideration of a new agreement among the City of Alexandria, the Alexandria Economic Development Partnership, and the Alexandria Industrial Development Authority.

**RECOMMENDATION:** That Council:

- (1) approve the attached Agreement (Attachment 1) which restates the relationship between the City, the Alexandria Industrial Development Authority (AIDA) and the Alexandria Economic Development Partnership (AEDP), and
- (2) authorize the City Manager to execute the agreement.

**BACKGROUND:** In 1991, the City entered into an agreement (then named the Alexandria Economic Development Program Operations Agreement) with the Alexandria Chamber of Commerce and the Alexandria Industrial Development Authority. At the time the forerunner of the Alexandria Economic Development Partnership (the AEDP Program) (Attachment 2) was housed within the Chamber. The agreement established the AEDP Program as the designated economic development office and marketing entity that addressed the economic development needs of the City. Although this agreement expired in 1994, AEDP remained the de facto economic development agency for the City.

The need for a formal, written agreement between the City and AEDP was one of the requirements expressed by the Department of Defense's Office of Economic Adjustment (OEA), prior to awarding the City a \$255,800 first year grant for mitigating the impacts of the federal Department of Defense Realignment and Closure (BRAC) 2005 actions. This grant will allow for the Alexandria Economic Development Partnership to retain the services of a full-time BRAC Coordinator who will work on behalf of the City to mitigate the impact of the loss of

some 7,000 to 10,000 Department of Defense personnel and contractors from some 1.5 million square feet of leased office space. Council approved the OEA grant application last year. The Office of Economic Adjustment has indicated that it will require the proposed Agreement (Attachment 1) prior to their acceptance and release of any grant funds to the City. The federal government took some time to process this grant, and because the City government is the entity that the grant is being awarded to, and because AEDP will be administering this grant, the federal OEA has requested that there be a clearer relationship in writing between the City and AEDP. OEA has recently announced the official award to the City, but it is contingent on this Agreement being approved. The new proposed Agreement clearly states this relationship by identifying AEDP as the official economic development arm of the City government.

The Agreement also reaffirms that AIDA earned bond fees will continue to be used by the City for economic development purposes. The AIDA remits its fee earnings to the City, and the City's custom is to use the IDA fees to finance a portion of AEDP's budget. AIDA fees held by the City are only released to AEDP based upon Council approved appropriations made during the budget process.

The Alexandria Economic Development Partnership Executive Committee unanimously voted to recommend the "Agreement" to its full Board of Directors at its September 26, 2007, Board Meeting. This agreement will also be presented for approval to the Alexandria Industrial Development Authority at its next Board Meeting to be held on October 9, 2007.

**FISCAL IMPACT:** The City has applied for an OEA grant totaling \$255,800, which it expects to be awarded by OEA soon after this proposed Agreement is approved by Council and the AIDA.

**ATTACHMENTS:**

Attachment 1. Proposed Alexandria Economic Development Program Agreement

Attachment 2. Alexandria Economic Development Program Operations Agreement

**STAFF:**

Mark Jinks, Deputy City Manager

Stuart Litvin, President and CEO, Alexandria Economic Development Partnership

## ALEXANDRIA ECONOMIC DEVELOPMENT AGREEMENT

**THIS AGREEMENT** is made as of the 1<sup>st</sup> day of September, 2007 by and among the City of Alexandria (the "City"), the Alexandria Industrial Development Authority (the "IDA") and the Alexandria Economic Development Partnership, Inc. (the "Partnership").

### RECITALS

- R-1 The IDA charges revenue bond issuance fees (the "Fees") to those entities that obtain revenue bond financing through the IDA.
- R-2 The IDA has heretofore provided the IDA's net income from the Fees to the City.
- R-3 The City has heretofore used the income from the Fees to provide funding for the Partnership's operational expenses.
- R-4 The Partnership has in turn has provided administrative staff support to the IDA.
- R-5 A prior agreement between some of the parties hereto regarding the establishment of the Partnership has expired and the parties now desire to memorialize their current understandings going forward.

**NOW, THEREFORE**, the parties agree as follows:

- 1. The foregoing Recitals are hereby incorporated by reference.
- 2. The parties agree that the Partnership shall be the primary economic development arm of the City.
- 3. The IDA agrees to continue to provide the net income from its Fees to the City.
- 4. In consultation with the Partnership, the City agrees to use the income from the Fees for the sole purpose of economic development including, without limitation, providing funding to support the operations of the Partnership.
- 5. The Partnership agrees to continue providing administrative support to the IDA at the level currently provided.
- 6. This Agreement shall continue until terminated by mutual agreement of the parties or by one of the parties giving at least one hundred eighty (180) days prior written notice to the other parties.
- 7. This Agreement shall be governed by the laws of the Commonwealth of Virginia without regard to conflicts of laws principles.

8. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and may be amended only by a writing signed by the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives as of the day and year first above written.

**CITY OF ALEXANDRIA**

By: \_\_\_\_\_

Title: City Manager

Date: \_\_\_\_\_

**ALEXANDRIA INDUSTRIAL DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_

Title: Chairman

Date: \_\_\_\_\_

**ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP, INC.**

By: \_\_\_\_\_

Title: Chair

Date: \_\_\_\_\_

**ALEXANDRIA ECONOMIC DEVELOPMENT PROGRAM  
OPERATIONS AGREEMENT**

This Agreement is entered into between the Alexandria Chamber of Commerce ("Chamber"), the City of Alexandria ("City") and the Alexandria Industrial Development Authority ("IDA") effective this 10th day of December, 1991.

WHEREAS, it is the intent of the parties to make monetary commitments by this Agreement, and the parties are desirous of setting forth the procedures under which the public sector and private sector shall equally share the cost of the Alexandria Economic Development Program ("AEDP") for the next three years.

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The AEDP shall be designated as a public/private partnership between the City of Alexandria and the Alexandria Chamber of Commerce. AEDP shall be a separate entity from the parties hereto.

The AEDP shall work to attract new business to the City and to assist existing businesses to grow and remain vital. The purpose of these activities is to improve the quality of life in the City by expanding the City's tax base, creating additional employment opportunities, increasing trade for local business and developing or redeveloping targeted areas of the City.

The AEDP shall administer the City's economic development office and develop and implement a strategic economic development and marketing plan, in conjunction with the City, that addresses the economic needs of the City.

The AEDP shall work with the City through the offices of the Mayor, City Manager, Planning and Community Development, Transportation and Environmental Services, Housing, Finance, Human Resources, Historic Alexandria and others. The AEDP shall provide daily liaison with the City through the City Manager's designated Economic Development Coordinator.

2. Economic Development Board of Directors. The AEDP shall be run by a Board of Directors called the "Economic Development Board of Directors", on which the City's Mayor shall serve as chairman. A vice-chairman shall be selected at the Board's first meeting by a majority vote of the members.

The Economic Development Board of Directors shall consist of the following individuals:

- A. Mayor, City of Alexandria.
- B. Council member at large, City of Alexandria.
- C. City Manager, City of Alexandria.
- D. Chairman, Alexandria Chamber of Commerce.
- \* E. President, Alexandria Chamber of Commerce.
- F. Chairman, Alexandria IDA
- G. Vice Chairman, Alexandria IDA
- \* H. Deputy City Manager.
- \* I. Chief Financial Officer, City of Alexandria
- J. Three business representatives to be designated by the Economic Development Board of Directors from geographical areas or other organizations within the City. Each of these business representatives shall serve a term of one year. Each representative is then eligible for reappointment or may be replaced.

**\* Non-voting members**

The Executive Director of the AEDP shall be directly accountable to the Economic Development Board of Directors. The Economic Development Board of Directors shall:

- a. Set goals, objectives and priorities for the City's Economic Development Program.
- b. Review the proposed annual budget and plan of action for submission to the City.
- c. Appoint or remove the AEDP Executive Director by a majority vote.
- d. Conduct an annual review of the Executive Director's performance and compensation.
- e. Meet quarterly to review the progress of the approved Economic Development Plan. Directors may not vote by proxy; however, they will be deemed present at a meeting if they are physically present or are participating by conference telephone by which all participating members can hear each other.

3. Sources of Funding: The AEDP shall be financed from the following:

- a. An annual budget appropriation, if any, from the City as determined by the City Council; this agreement, however, shall not be construed as requiring, obligating or committing the City to provide financing to the AEDP.
- b. Funds generated through the private sector, including an annual appropriation from the IDA as determined by the IDA, and corporate contributions to support

publications, special advertising, marketing events and programs.

4. Responsibilities of the Parties to this Agreement.

- a. Chamber of Commerce. At its annual retreat, the Chamber Board of Directors shall review the AEDP Executive Director's proposed goals and objectives for the AEDP's upcoming year and provide any modifications for consideration by the Economic Development Board of Directors. The Economic Development Board of Directors shall review the goals and objectives, provide any modifications and formally submit them to City Council.

The Vice Chairman of the Chamber's Economic Development Division will provide liaison within the Chamber to ensure the resources of its numerous divisions will assist the AEDP in meeting its established goals and objectives.

- b. City of Alexandria. The Mayor and City Council shall receive from the Economic Development Board of Directors a statement of the AEDP goals and objectives and the annual budget for the Alexandria Economic Development Program. In deciding whether to appropriate any funds to AEDP, City Council shall consider AEDP's annual goals and objectives for the following July 1 through June 30 fiscal year.

The Mayor and City Council shall provide the City's information resources and various staff assistance to the AEDP in meeting its established goals and objectives. The City Council shall consider an annual appropriation for the AEDP's operations and shall, to the extent it deems appropriate and feasible, appropriate an amount for the AEDP taking into consideration the amount of the IDA appropriation; however, this agreement does not and shall not be construed to require, obligate or commit the City to provide financing to the AEDP. It is intended that City funding shall not exceed 50 percent of the direct expenditures of the AEDP, excluding pass-through promotional advertising.

- c. IDA. The Chairman and the Vice Chairman of the IDA shall serve on the Economic Development Board of Directors as noted in Paragraph 2. The IDA shall consider an appropriation each year for the AEDP, and shall appropriate an amount for the AEDP to the extent it deems each amount feasible and appropriate. The IDA agrees that the Executive

Director of the AEDP shall serve as Secretary/Treasurer of the IDA.

5. Responsibilities of the AEDP Executive Director. The AEDP Executive Director shall serve as administrator to the Economic Development Board of Directors.

The Executive Director shall develop and implement strategies to meet the goals and objectives adopted for the AEDP.

The Executive Director of the AEDP shall draft the AEDP's proposed annual budget, goals and objectives in preparation for the City's non-departmental agency funding application process. The AEDP request for a City appropriation shall be completed in accordance with the City's non-departmental agency funding application process and shall include a detailed description of the proposed use of City monies and audited financial statements of the AEDP for the most recently completed fiscal year.

The Executive Director shall manage the daily operations of the AEDP office.

The Executive Director shall regularly inform and advise the Economic Development Board of Directors, City Manager's office and the Alexandria Chamber of Commerce Board of Directors on timely issues, legislation and activities pertinent to the continued economic vitality of the City and its business community.

The Executive Director shall recruit and hire or discharge and supervise AEDP staff.

The Executive Director shall conduct an annual review of each AEDP employee (other than himself) and recommend appropriate merit and cost-of-living increases to the Economic Development Board of Directors for their approval.

In preparation for the City's non-departmental agency funding application process, the Executive Director shall draft the AEDP's proposed annual budget and proposed goals and objectives for approval by the Economic Development Board of Directors.

The Executive Director shall cause a certified audit of the AEDP financials to be prepared annually by an independent CPA.

The Executive Director shall review and approve all disbursements of AEDP funds for services, expenses and other budgeted operational costs. Disbursements of City monies for goods and services not identified in the approved AEDP budget



shall not be made except as approved by City Council.  
Disbursements of other AEDP monies for goods and services not explicitly identified in the approved AEDP budget shall not be made except as approved by the Economic Development Board of Directors.

The Executive Director shall serve as an ex-officio member of the Alexandria Chamber of Commerce Board of Directors. The Executive Director will apprise the Economic Development Board of positions taken by the Chamber on relevant issues.

The Executive Director shall serve as Secretary/Treasurer of IDA.

6. Term. This Agreement shall be effective through December 31, 1994, at which time it may be renewed if agreed upon by all parties.

7. Miscellaneous. This Agreement shall be governed by the internal laws of Virginia. This Agreement may only be amended by an agreement in writing signed by all parties hereto.

ALEXANDRIA CHAMBER OF COMMERCE

By: *Sammy Ash*

Title: Chairman Board of Directors

Date: December 16, 1991

CITY OF ALEXANDRIA, A MUNICIPAL  
CORPORATION OF VIRGINIA

By: *Patricia Steer*

Title: Mayor - Alexandria

Date: Jan. 7, 1992

ALEXANDRIA INDUSTRIAL  
DEVELOPMENT AUTHORITY

By: *John A. Michael*

Title: Chairman

Date: Nov. 9, 1992