


City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 8, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF ALLOCATION OF FUNDS FROM THE FY 2009
CONTINGENT RESERVES TO THE ALEXANDRIA ECONOMIC
DEVELOPMENT PARTNERSHIP FOR ECONOMIC DEVELOPMENT
INITIATIVES

ISSUE: Council consideration of allocation of funds to the Alexandria Economic Development Partnership (AEDP) for economic development initiatives.

RECOMMENDATION: That City Council authorize the allocation of \$125,000 in previously designated funds from the FY 2009 General Fund Contingent Reserves to AEDP for the economic development initiatives outlined below.

BACKGROUND: At the September 23, 2008, work session between AEDP and Council, AEDP staff presented its FY 2009 work plan and explained new programs and initiatives. As part of the FY 2009 budget, \$125,000 was placed in Contingent Reserves by Council until AEDP returned to Council with a description of proposed expenditures. AEDP proposes the following three initiatives:

1. **Target Industry Marketing Implementation (\$63,000):** AEDP is just completing a SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) funded through the FY 2008 grant from the Department of Defense Office of Economic Adjustment for response to base closure and realignment (BRAC) impacts in the City of Alexandria. This analysis will identify a targeted list of industries likely to be interested in Alexandria for expansion and relocation.

As a next step, AEDP needs to develop specific plans to reach prospects in each of the industries. Each plan will include identification of 'decision drivers,' suggested incentives attractive to each use, creation of a prospect list, identification of 'means and methods' to reach each industry, assembly of a team and ambassadors and a defined method for tracking contacts and outcomes.

2. **Comprehensive Retail Utilization and Attraction Analysis (\$60,000):** AEDP is responsible for marketing the City to retailers and restaurants, and working with property owners to lease space to these users. While different retail analyses have been completed for specific parts of the City, AEDP will conduct a demand study for the entire City of Alexandria. The analysis will determine who shops in Alexandria and where Alexandrians shop. It will also identify gaps in supply and demand and will allow for interviewing of retail site selectors to gain insight on location decisions. This effort will be closely coordinated with the Department of Planning and Zoning and its ongoing retail efforts in the Landmark/Van Dorn, Old Town and Potomac Yard areas.

Following completion of this analysis, a targeted retail marketing plan will be created and implemented.

3. **Competitive Cities Research (\$2,000 in Contingent Reserves funds):** In FY 2009, AEDP is transitioning from a line item budget to a project-based budget. The organization is also working with the City on an annual agreement that identifies metrics by which the organization's success will be measured. As part of the benchmarking process, economic development efforts should be measured against efforts by cities of comparable size and situation. This research project, which will cost an estimated \$20,000, will also identify best practices and incentives offered by competing jurisdictions. It has been proposed by AEDP that existing AEDP funds of \$18,000 be used to help finance most of this research project with the \$2,000 amount needed for this project originating from Contingent Reserves.

FISCAL IMPACT: The cost of the described studies and research is \$143,000, which is proposed to be funded by \$125,000 Contingent Reserves previously designated for AEDP economic development initiatives, and \$18,000 in existing AEDP funds.

STAFF:

Mark Jinks, Deputy City Manager

Stephanie Landrum, Senior Vice President, AEDP