

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 12, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMORANDUM #51: ECONOMIC DEVELOPMENT BUDGET QUESTION - SENIOR ECONOMIC DEVELOPMENT POSITION

In response to the written budget question from Council Members Krupicka, Smedberg, Lovain and Vice Mayor Macdonald, as well as an oral request from Councilwoman Pepper, the following information is provided.

First, I agree that there is a clear need to enhance our economic development system and better coordinate activities within and external to the City. A multi-pronged approach is required that looks to improvements in our outreach and marketing (including branding), business development, recruitment and retention. This will also involved taking a hard look at our regulatory environment and planning for the appropriate mix of non-residential development. I do not believe our current staffing will allow for the necessary attention to systemwide improvements.

As you point out, some have suggested that a senior position in my office should be dedicated to economic development. Adding a position at the Assistant City Manager or Deputy City Manager level would cost approximately \$180,000 or more in salary and benefits, plus non-personnel expenses.

As you know, the Alexandria Economic Development Partnership (AEDP) initiated a nationwide search and are nearing the completion of a process to hire a new Director. The search and selection is being led by the five member AEDP Executive Committee, which the Mayor chairs and I am a member. We received interest from a number of very qualified candidates from around the country. All candidates are aware that the City and AEDP are interested in exploring the appropriate organizational model for an economic development office. Arguments can be made for or against having a governmental office, private agency or hybrid. I am, however, convinced that structure or placement is not as important as the leadership and assimilation of the mission and strategic objectives throughout the entire City system and continuum of economic development activities. Clearly, we must get our economic developers fully incorporated into our land use process. While this will likely be one of the recommendations of the Mayor's Economic Sustainability Group, we have already taken some action. Over the past six months,

our acting Director of AEDP has enjoyed much more access to our Planning staff and has been called upon in numerous cases to provide expert advice. Similarly, the AEDP acting director has enlisted the assistance of both Code and Planning officials in a variety of cases of recruitment or retention of Alexandria businesses. It is precisely this type of automatic cross collaboration that produces results. We also have a great opportunity here with new Directors of Code Enforcement and the Planning Department. Similarly, filling the vacant AEDP and ACVA Director positions offer a unique opportunity for evaluating and enhancing our efforts.

I suggest we await the selection of a new AEDP Executive Director and work together to assess the organization needs, staffing and placement of an economic development office. Should we determine that the City would benefit by direct oversight of an Office or Department of Economic Development, then we should avoid duplication and fund the transfer of AEDP staff to City positions. At that time, the Executive Director would report to the City Manager as part of my office.

It is not uncommon for government offices to continue to have external citizen/business boards such as AEDP. These boards can be valuable in steering economic development activities, in advocating a point of view and in providing advice to City Council and to the City Manager, as do other City boards and commissions. Consequently, maintaining an AEDP board would clearly be beneficial as an advisory board and, as appropriate, an advocate of development that meets the City's strategic goals and objectives that support economic development.