

# CITY OF ALEXANDRIA - ANNUAL REPORT 1997

## MAJOR ISSUES

### Economic Development

Accelerating the pace of economic development in Alexandria continues to be a top priority for City government. Economic development initiatives undertaken by City Council since the 1992 recession have helped to stabilize the City's tax base and to restore and expand employment opportunities in a City where 94% of the 5,040 employers have fewer than 50 employees and account for 39% of all jobs.

Building partnerships with the private sector has long been a major focus of these initiatives, along with retaining existing businesses and attracting new businesses, including technology firms and associations.

The Alexandria Economic Development Partnership, Inc. (AEDP), a public-private partnership of the City and the business community, promotes the City as a business location. The Alexandria Economic Development and Tourism Board, a 15-member group chaired by Mayor Donley and including Vice Mayor Euille, guides the AEDP's activities. The AEDP supports the Mayor's Local Business Outreach Program, enabling City leaders to visit owners and managers of individual businesses and ensure that their needs and concerns are addressed. AEDP also oversees the Alexandria Enterprise Zone, which has added over 900 jobs in the Mount Vernon Avenue/Route 1 area since its creation in 1994.

Other key initiatives undertaken by the City include:

- ❖ Improving roadways and transportation access to employment centers, most notably the Eisenhower Avenue Corridor.
- ❖ Promoting tourism, led by the newly privatized Alexandria Convention and Visitors Association.

### Impact on Jobs and Tax Base

Between 1992 and 1996, the City added over 5,000 jobs, with total employment increasing to just over 84,000 by the fourth quarter of 1996. Most of this gain was generated by the services sector (business services, health services, engineering and management, and associations), which at the end of 1996 accounted for 45% of all jobs in the City, up from 41% at the end of 1992. The largest growth occurred among small businesses, especially in the area of business services, which accounted for nearly half of the 5,000 new jobs. Recent job growth has been fueled in part by a \$176 million increase in federal contracts awarded to Alexandria firms between 1992 and 1995.

Alexandria's tax base, however, has yet to fully recover from the recession, which deflated commercial real estate values by nearly 7% between 1992 and 1997. Alexandria's office vacancy rate stood at 7.4% in June 1997, down from 12.4% in June 1992, and asking rental rates for new office space have increased from \$20.18 per square foot in 1992 to \$23.77 in May 1997. Despite these positive signs, the City's tax base, which generates the tax revenues that pay for public services and capital improvements, has not experienced the same healthy growth. The City's 1997 real property tax base the total assessed value of residential and commercial real estate is valued at \$11.2 billion, up only 2% or \$221 million over 1996 but still nearly 8%, or \$1 billion, below 1991, when the assessed value totaled just over \$12.1 billion. Commercial office and retail properties in Alexandria were assessed at \$2.89 billion in 1997, \$175 million less than in 1992, representing annual tax revenue losses amounting to \$1.9 million at the current tax rate of \$1.07 per \$100 of assessed value.

### Economic Development Priorities

To spur business growth, job growth and expansion of

- ❖ Strengthening the City's retail centers, including Landmark Mall and the downtown shopping district.
- ❖ Attracting The George Washington University to Alexandria in 1996, with its Graduate Education Center.
- ❖ Revitalizing older commercial areas, including Arlandria and Del Ray where the newly formed Potomac West Alliance, a partnership of business owners, residents, and City government officials, is working to attract new businesses.
- ❖ Expanding the City's base of technology firms through such promotions as Alexandria Technology Achievement Week.
- ❖ Streamlining the City's development and permit review processes.
- ❖ Boosting City funding for economic development and business support activities by \$652,000, or 86%, since 1996.
- ❖ Opening the Small Business Development Center at The George Washington University's Graduate Center on Duke Street.

the tax base, City Council convened an Economic Summit in February 1996 that established five economic development priorities:

- ❖ Increase Alexandria's profile as a City that welcomes economic development and tourism.
- ❖ Reduce impediments to commercial development.
- ❖ Bring the Patent and Trademark Office with 7,000 employees to Alexandria.
- ❖ Increase City funding for economic development.
- ❖ Strengthen Landmark Mall.

On Saturday, September 27, City Council will convene an Economic Summit to review progress made on these priorities. Working with business and civic leaders, Council will attempt to reach a consensus on an updated set of economic development priorities for the next 12-18 months.

Taken together, these initiatives have lent momentum to the City's efforts to expand its job base and strengthen its tax base.



General City Mail: [CityMail@alexandriava.gov](mailto:CityMail@alexandriava.gov)

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