City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 10, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 93 : SUPPLEMENTAL BUDGET REQUESTS FROM AEDP, ACVA AND SBDC

In follow up to Council's request of April 6, attached are the recently submitted budget requests from AEDP, ACVA and SBDC. In summary, the requests which total between $419,000 and $680,000, are:

AEDP

1.	Landmark Promotion and Investment Program	$ 65,000
2.	Waterfront Promotion and Investment Program	50,000
3.	Retail and Restaurant Attraction Program	79,000
4.	Feasibility Study – Tourism Infrastructure Consultant	25,000
5.	Study – Building on the Arts	15,000
	Total	$234,000

ACVA

1.	Destination Campaign	$ 52,000 to $156,000
2.	Regional Marketing Campaign	18,000 to 100,000
3.	Advertising Buy-Down	25,000 to 100,000
	Total	$95,00 to $356,000

SBDC

1.	Preserve Existing SBDC Staff	$ 15,000
2.	Additional Hourly Consultant to Meet Increasing Demands	25,000
3.	Retail/Restaurant Consultant/Outreach	10,000
4.	Reaching More Alexandria Businesses at Earlier Stages	15,000
5.	Connecting Businesses to New Opportunities (Minority, DBE, SwaM)	15,000
6.	Retail/Restaurant Proactive Outreach	10,000
	Total	$ 90,000
	TOTAL ALL REQUESTS	$419,000 to $680,000

Attachments
I: AEDP Supplemental Budget Request
II: ACVA Supplemental Budget Request
III: SBDC Supplemental Budget Request

Attachment I

April 6, 2009

Alexandria City Council
Mayor William Euille and Members of City Council
City Hall, Room 2300
Alexandria, Virginia 22314

Dear Mayor Euille and Members of City Council,

Attached is an explanation of the new programs and initiatives we have submitted for your consideration as part of the FY 2010 City of Alexandria budget process. The City Manager's recommended budget lists these programs on page 16-30. On behalf of the Alexandria Economic Development Partnership (AEDP) Board, I respectfully request your careful review of these budget items considering the need for improvement in the City's economic development efforts.

While we recognize that very few new programs are being funded in the FY 2010 budget, and that many programs have had their proposed funding reduced, these AEDP proposed programs have the potential to result in a significant return on investment to the City. We urge the City to invest now in activities that will deliver increased tax revenues to fund the future.

Each of the new programs described are directly linked to the recommendations included in the Economic Sustainability Report, adopted in principle by City Council in November 2007. In total, the proposed increase in activity is also a direct reflection of one of the report's recommendations:

> *"Resources for economic development need to be significantly increased including staffing and other budget categories such as marketing. AEDP, as now organized, is under-resourced compared to peer economic development organizations elsewhere.*

The new AEDP Board has put into place a framework for success, critically evaluating past functions and activities and selectively choosing to add these new programs and initiatives. The organization is now ready to implement its improved economic development vision and it needs the appropriate resources. We appreciate your partnership in this new economic development vision. Should you have any additional questions, please call on any one of the members of the AEDP Board of Directors.

Sincerely,

Allison Cryor DiNardo
Chair

cc: AEDP Board of Directors
Jim Hartmann, City Manager
Mark Jinks, Deputy City Manager
Bruce Johnson, Director, Office of Management & Budget

Attachment

1729 King Street | Suite 410 | Alexandria, Virginia 22314 | T 703.739.3820 | F 703.739.1384 | www.alexecon.org

Alexandria Economic Development Partnership
Explanation of Proposed New Programs in FY 2010

"Resources for economic development need to be significantly increased including staffing and other budget categories such as marketing. AEDP, as now organized, is under-resourced compared to peer economic development organizations elsewhere.
--Economic Sustainability Work Group Report (2007)

In response to the Work Group's suggestions, the following new programs/initiatives are proposed from FY2010 listed in priority order:

1. LANDMARK PROMOTION & INVESTMENT PROGRAM

As Council has recently adopted the Landmark/Van Dorn Small Area Plan, some of the next steps include seeking advisors, investors, and, specifically, a new owner/developer to create Alexandria's "new" Landmark Mall and associated mixed-use office, hotel and residential development. In collaboration with the City Manager's Office, AEDP would seek to develop a plan to attract the right team that would be financially capable of planning, designing and redeveloping the Landmark Mall site into a vibrant town center. AEDP and the City Manager's Office have started to plan this effort, but added resources would make the effort more effective.

The proposed Landmark Promotion & Investment Program will allow for creating specialized promotional materials; identifying the potential interested parties; convening meetings with potential investors; and continuing work with consultants who have access to domestic as well as foreign investment partners. While this program was started in FY2009 it requires attention and expertise beyond the current staffing of both the City and AEDP.

Consultants:	**$60,000**
Promotional Materials	**$5,000**
Total Investment:	***$65,000***

Short-Term Return on Investment

- Maintaining the momentum created by the drafting, vetting and approval of the Landmark/Van Dorn Small Area Plan
- Moving forward with a solution to the City's challenge of an underperforming and continuously declining shopping mall that not only limits potential property and sales tax revenue, but affects its own neighborhood negatively.
- Preparing to attract the right team to develop the new Landmark mall site as the economy begins to improve is a wise move at this time.

Long-Term Return on Investment

- Accelerated redevelopment of the Landmark Mall site will result in increased property assessments, sales tax, building and permitting fees, new jobs and related income to the City.
- Together, this project could help improve the City's long-term financial picture, and as a result needs to be the top economic development priority.

2. WATERFRONT PROMOTION & INVESTMENT PROGRAM

The City of Alexandria has a rare opportunity to redevelop and revitalize its Potomac River Waterfront for the benefit of generations to come. During this careful, thoughtful process, the AEDP will begin to identify and discuss with potential investors and developers about key redevelopment properties along the Alexandria waterfront.

These efforts will take place in collaboration with the City's Waterfront Small Area Plan (SAP) process. AEDP's Waterfront Promotion & Investment Program will allow Alexandria to cast its net widely to identify development partners who can begin appropriate redevelopment as soon as possible after the planning process is complete. Given the unique landscape, issues and interest in high quality projects, the Waterfront project provides a special opportunity to bring a new group of developers and investors to Alexandria. Conducting its work on a parallel path with the SAP process will increase the City's economic development opportunities more timely, efficiently and effectively, rather than either waiting for developers to come to the table, or starting to seek developers only after the Waterfront planning process is complete

The proposed Waterfront Promotion & Investment Program would provide funds for preparing specialized promotional materials; convening meetings with representatives of potential investors and developers; and continuing work with consultants who have access to investment partners. Close cooperation with the Department of Planning & Zoning would be necessary. This program would allow the AEDP to access needed skills and assistance with low overhead expenses.

Consultants:	**$45,000**
Promotional Materials:	**$5,000**
Total Investment:	***$50,000***

Short-Term Return on Investment

- Proactive outreach to investment and development partners for the waterfront will provide for a more expeditious implementation of the SAP recommendations following the conclusion of the planning process.
- Valuable guidance from experts in waterfront economic development will complement the work of the City.

Long-Term Return on Investment

- Appropriate development can translate to increased property assessments, sales taxes, building and permitting fees, new jobs and related income to the City.
- An increase in visitors' tourism spending (particularly in the amount spent per visitor) will have positive effects on the local economy.

3. RETAIL & RESTAURANT ATTRACTION PROGRAM

One of AEDP's responsibilities is to market the City to national retailers and restaurants, and working with property owners to lease space to these users. Under this program AEDP would conduct a retail demand study for the entire City of Alexandria which will determine who shops in Alexandria and where Alexandrians shop. It will also identify gaps in supply and demand and will allow for ongoing interviewing of retail site selectors to gain insight on location decisions (started in FY2009). The study will include recommendations on how to serve the population better while attracting more shoppers and diners.

While we all know that Alexandria exports retail dollars and that disposable incomes are high, a data-driven persuasive argument needs to be crafted that speaks to the decision making processes of retail site selectors. Also, with a decline in national consumer

spending, and an increase in overall retail vacancies (nationally and in the region) convincing a retailer to locate a store in any locality is a much tougher sell than a year ago. This recent negative trend in retail is likely to continue for the next few years (at least). It the City is to successfully compete to keep its retail stores occupied and active, a more aggressive effort is necessary.

This effort will be coordinated with the Department of Planning & Zoning and the Alexandria Convention & Visitors Association and will incorporate and compliment prior and current retail research, attraction and improvement efforts in Landmark, Old Town, Del Ray, Arlandria and Potomac Yard. The program will allow the AEDP to hire a contract employee with targeted experience in retail leasing. The program will also augment and support ongoing and emerging marketing efforts by existing retailers (example: the Boutique District). This program will enable the City to take action in response to the economic downturn and its effect on retail and restaurants while preparing for the emergence from the downturn.

Retail Leasing Consultant:	**$65,000**	
Retail Demand Research:	**$12,000**	
Total Investment:	***$79,000***	***$57,000 (FY 2009 contingent reserves)***
		$22,000 (FY 2010 general fund)

Short-Term Return on Investment

- Retail and restaurant activity is highly visible to the residents, employees and visitors of Alexandria. Shrinking activity can signal a permanent loss of vibrancy. Arming AEDP with the tools to work smarter to demonstrate Alexandria's commitment to this sector.
- Tracking retail vacancy rates in the core commercial centers of the City to include King Street, Mount Vernon Avenue and Carlyle will allow AEDP to better measure success of the City's activities.
- By taking action with solid research that focuses its best efforts to bump up the retail leasing, the City can positive steps for the current quality of life for those who live, work and visit Alexandria.

Long-Term Return on Investment

- New retailers and restaurants will pay additional sales taxes, meals taxes, real estate taxes, and business and professional occupancy license taxes, growing the tax base.
- Businesses looking to locate in Alexandria will recognize Alexandria's vitality by its flourishing retail and restaurant sector. The health of this sector reflects the strength of economic development of Alexandria.

4. FEASIBILITY STUDY- TOURISM INFRASTRUCTURE

This project would allow the AEDP to work with the City, the Alexandria Convention & Visitors Association and the hotel community to conduct an initial feasibility study to determine the need for, and the possible size of a meeting/conference center, museum or other type of facility in the City. This study will include an initial assessment of specialized proposals like Imagine Alexandria that could support and enhance the tourism infrastructure.

The AEDP, with the input from its partners and the City, would develop a scope of work and implement a contract with a qualified firm or team of professionals to complete this project. If it was determined that there was a need that might be able to be met by some tourism infrastructure investment, further studies of a much larger magnitude in scope and cost

would be needed to take this concept to a next stage.

Tourism InfrastructureConsultant:	$25,000
Total Investment:	***$25,000***

Short-Term Return on Investment

- The Economic Sustainability Work Group identified hotel projects as the most economically beneficial land use in the City of Alexandria, as they provide a wealth of income through various taxes but do not require a significant amount of services. Strong and continuous demand for hotel rooms in the City is essential to growing this sector of the City's tax base. With the introduction of new hotel properties in FY 2009 and still more planned for other parts of the City, their continued viability could be improved with additional City amenities including additional meeting space.
- Alexandria would enhance its image as a city that welcomes and encourages tourism, recognizing the needs of its hotel partners, helping them succeed.

Long-Term Return on Investment

- Higher hotel occupancy rates result in more hotel taxes and related tourism revenue (meals taxes and sales taxes) without the added burden of extensive City services.
- Competition for the tourism dollar will increase in the region as the economy evolves. By assessing the infrastructure needs of the tourism sector, Alexandria can focus attention to its tourism economic development while preserving its current market.

5. STUDY- BUILDING ON THE ARTS

The Economic Sustainability Work Group recommended increased recognition and encouragement of the arts cluster in Alexandria as a mechanism for increasing commercial economic activity. This project would fund the first stage of a study that would pull together stakeholders throughout the City to discuss the demand and needs of artists in Alexandria, in addition to those interested in locating in the City. The study would incorporate the Alexandria Commission for the Arts' Lord Report in its determination of whether the City would benefit economically from targeted initiatives to increase the number of artists and activities in the City. Regional art organizations would also be interviewed to measure interest in locating in Alexandria.

The study would identify areas of the City that would be considered prime for arts development with anchors already in place, for example: Arlandria (Birchmere), Old Town (Torpedo Factory, Art League, Metro Stage, and Little Theatre of Alexandria), and West End (Landmark and Northern Virginia Community College).. Future stages of the study could identify commercial spaces within the City that might be available for conversion into lofts and studios; opportunities for live/work space. This study will be a collaborative effort, including the existing arts groups in the City, and the City Arts Commission, with the AEDP filling a support/administrative role.

Facilitator/Consultant Services:	**$15,000**
Total Investment:	***$15,000***

Short-Term Return on Investment

- Alexandrians continue to place a high priority on the arts in the community. The opportunity to translate this interest into economic development that expands the tax base is a winning formula.

- This increased economic activity in the arts cluster can serve as a mechanism for increasing commercial activity including enhanced sales tax revenue, additional special events that raise the City's profile and retail and office leasing activity.
- Regional arts organizations have approached AEDP about adding locations in Alexandria so the ability to act now is crucial.

Long-Term Return on Investment

- Identification of opportunities to increase arts activities in the City will result in strengthening the City's reputation and appeal as a destination for artists, visitors and businesses interested in the creative arts.
- A renewed focus on the arts as economic development presents a competitive advantage for Alexandria with its national reputation as promoters of the arts. The enhancement in the quality of life while expanding the tax base is a valuable attribute to other businesses who share this creative outlook.

"Stephanie Landrum"
<landrum@alexecon.org>
04/06/2009 12:36 PM

To <william.euille@alexandriava.gov>, <DELPepper@aol.com>, <timothy.lovain@alexandriava.gov>, <Justin.Wilson@alexandriava.gov>,
cc <Jim.Hartmann@alexandriava.gov>, <Mark.Jinks@alexandriava.gov>, <Bruce.Johnson@alexandriava.gov>, "'Allison Cryor
bcc

Subject AEDP FY2010 Budget Request- Additional Information

Mayor and Members of Council...

Please find attached a memo and supporting documents that I am sending on behalf of AEDP Chair Allison Cryor DiNardo and the AEDP Board of Directors. Thank you for your attention and consideration.

Stephanie Landrum, CEcD
Senior Vice President
Alexandria Economic Development Partnership, Inc.
1729 King Street, Suite 410
Alexandria, VA 22314
703-739-3820, ext. 102
www.alexecon.org

AEDP FY2010 New Programs Memo.pdf

Supplemental Funding Options
Alexandria Convention & Visitors Association

BACKGROUND

The mission of the Alexandria Convention & Visitors Association is to generate tourism and conventions that increase revenues and promote the City of Alexandria and its assets. The funds invested in ACVA are used to target out-of-town visitors for overnight stays. Visitor spending during FY 2006 totaled $562,888,000 with local tax receipts of $18,874,309 according to the Travel Industry Association and the Virginia Tourism Corporation. This estimate includes spending at hotels, attractions, shops, transportation, and restaurants; however, visitor spending is driven by paid accommodations. Transient lodging taxes paid by overnight visitors totaled $7,461,071.

In FY 2009, $300,000 of supplemental funding was awarded to launch an advertising campaign targeting residents and neighbors of Alexandria. The REGIONAL media schedule ran in two phases; September through December, and March through May. Media outlets included: Washingtonian Magazine, Northern Virginia Magazine, Capitol File, Washington Post (Express, Sunday Source, and Weekend), Blade, City Paper, Connection Papers (including the Alexandria Gazette), Alexandria Times, and the Old Town Crier. The fall schedule included six weeks of radio.

The REGIONAL campaign was bolstered by $134,000 of advertising that appeared in the Metrorail and Metrobus system free-of-charge. This was an extraordinary opportunity, unlikely to be repeated because the maximum award is set at $40,000.

Overnight visitors were targeted through the DESTIONATION campaign that ran in the Mid-Atlantic region. Regional editions of national magazines were used to target this audience with ads running in the following magazines in November, December and April: Food & Wine, InStyle, Town & Country, Travel & Leisure, Cooking Light, Country Living, House Beautiful, and This Old House. Ads were purchased in the full run of Southern Living (December and May), Preservation Magazine (March and April), and AAA World (July, August, January and February). Online advertising included Travelocity and Google AdWords. The total budget for the DESTINATION campaign was $447,000.

The third target segment targeted TOURISTS. A budget of $106,000 was used to purchase advertising in state and regional visitor guides, Where Magazine, Gaylord Magazine, trolley billboards, and maps.

SUPPLEMENTAL FUNDING

Option 1: The greatest return on investment may be supplemental funding for the DESTINATION campaign to support the growing number of hotel rooms in the City. Overnight stays contribute significantly to tax revenues, and overnight visitors spend more for meals, shopping, and entertainment than regional day visitors. Supplemental funding increases the effectiveness of the existing media plan by adding frequency to the schedule.

- Adding additional coverage in the MNI Luxury Group would cost <u>$51,886 per month</u>.

- The FY 2010 media plan includes September, October and April. We recommend adding one to three months to include November, December and/or March.

Option 2: Supplementing the REGIONAL marketing campaign may have the fastest return on investment and is targeted support for small businesses. The FY 2009 campaign was split into fall and spring to maximize Metro funding. However, absent the Metro relationship, our current direction is to consolidate the media buy into a very strong fall campaign, and to eliminate the spring initiative.

- The cost of supplementing the REGIONAL magazine advertising is $12,321 per month.
  - Washingtonian is probably the most effective vehicle in this plan and costs $6,000 per month.
- Another option for supplementing the REGIONAL campaign would be to invest current funding of $300,000 into the fall campaign, and add $100,000 to keep the spring schedule.

Option 3: Advertising Buy-Down

An advertising buy-down program would offer Alexandria businesses the opportunity to purchase advertising in Alexandria sections of our favorite publications for 50% off – the supplemental funding would be used to pay the other half. We could offer a options in each target segment.

The benefits of this program include:

- Direct and immediate benefit to businesses large and small, and additional tax revenue from resulting sales.
- Buying additional space in the publications we already use lowers the cost of the existing media schedule.
- The extra page(es) increases the effectiveness of our ads and give the reader business-specific calls-to-action to enhance the brand message of our existing ads.
- The program is inherently collaborative without the burden of organizing all of the businesses.
- Businesses benefit from the expertise of ACVA's media buyers and collective bargaining.
- The buy-down gives small businesses an opportunity to test advertising that could become self sustaining.
- The value of the advertising doubles the City's investment.

If this funding is granted, we will work with our media buyers to create a plan. Here are some examples of the cost for each segment.

REGIONAL: For $25,000 we could buy-down a full-page ad in Washingtonian and Northern Virginia Magazine for five months.

DESTINATION: For $40,000 we could buy-down a full-page ad in the regional editions of Cooking Light, Country Living, Food & Wine, House Beautiful, and This Old House for three months.

TOURIST: Selections for the Tourist segment would include the Virginia Travel Guide ($4,000), the Official DC Guide ($6,000), and Where Magazine (2 pages, $4,000 per month).

Funding for the program could range from $25,000, to $100,000 for a very robust campaign.

Attachment III

ALEXANDRIA

SMALL BUSINESS

DEVELOPMENT

CENTER

Hosted by
Alexandria Chamber of Commerce

Founding Partners
City of Alexandria
Virginia Commerce Bank
William D. Euille & Associates
U.S. Small Business Administration

Contributing Partners
BB&T
Burke & Herbert Bank & Trust Company
Commerce Bank
Dominion Virginia Power
Westfield Concession Management, Inc.

April 9, 2009

The Honorable Mayor and Members of City Council
City Hall, Room 2300
Alexandria, VA 22314

Dear Mayor Euille and Members of City Council:

The Alexandria Small Business Development Center (SBDC) Board of Directors appreciates City Council's consideration of additional economic development investment as part of the FY 2010 City budget process. Attached is an explanation of the investments we are submitting for your consideration.

The SBDC is the City's go-to organization for small business issues. This includes providing routine business guidance, assuming many of the responsibilities of the eliminated Business Facilitator position, helping City staff clarify and simplify City processes and checklists to improve "Business Friendliness", and now more than ever to help struggling businesses survive and thrive. The Alexandria SBDC staff is ideally suited for every one of these responsibilities but it has never been augmented with the capacity to carry out all of them proficiently. It is also under-staffed to serve the number of small businesses in the City.

Every business that contacts the SBDC describes how much better off they would have been had they encountered its resources much earlier. With a little additional funding the SBDC will, not only be able to better serve the struggling businesses but, reach more of the City's businesses proactively to help them generate more gross receipts and increase jobs.

Alexandria SBDC has a 12 year track record of competence as well as providing substantial returns on the City's investment. In addition, it utilizes its funding very efficiently and, with more resources, will be positioned to play a much stronger role in Alexandria's sustained economic growth.

We appreciate your time and consideration.

Sincerely,

Marcy Anderson
Chair

cc: Alexandria SBDC Board of Directors
Jim Hartmann, City Manager
Mark Jinks, Deputy City Manager
Bruce Johnson, Director, Office of Management & Budget

Attachment

801 N. Fairfax Street
Suite 402
Alexandria, VA 22314
(703) 778-1292
Fax (703) 778-1293
www.alexandriasbdc.org

Request for Additional City Investment in Alexandria Small Business Development Center (SBDC) FY 2010

The following City investments are critical to helping Alexandria's small businesses during this time of economic uncertainty and crisis. More than ever, Alexandria's small businesses need the Small Business Development Center's expertise and assistance. The SBDC's resources and approach are ideally suited to the individual needs of business owners suffering from a variety of circumstances. The requests for additional funding are presented in two categories:

1) Funding required to immediately assist Struggling Small Businesses - $ 50,000

A.	Preserving Existing SBDC Staffing	$15,000
B.	Additional Hourly Consultant to Meet Increasing Demands	$25,000
C.	Retail / Restaurant Consultant / Outreach	$10,000

2) Additional Funding to expand support to Alexandria's Small Businesses - $ 40,000

A.	Reaching More Alexandria Businesses at Earlier Stages	$15,000
B.	Connecting Businesses to New Opportunities (Minority, DBE, SwaM)	$15,000
C.	Retail / Restaurant Proactive Outreach	$10,000

Total Requested $ 90,000

Program Details;

1) Funding required to immediately assist Struggling Small Businesses - $ 50,000

The Mayor and Members of Council are certainly aware of the adverse impact of the current economy on many of Alexandria's businesses. Several members have referred struggling business owners to Alexandria SBDC. The SBDC staff quickly responds to businesses requesting assistance with individual guidance to sort out the issues, set priorities and strategies, and begin the recovery steps. In most cases, the SBDC ensures continued survivability of the business. In the worst situations, when dissolution is the only option, the SBDC provides a more orderly process for all affected parties.

1-A) PRESERVING EXISTING SBDC STAFFING $15,000

Alexandria SBDC projects a $15,000 shortfall in its CY 2009 budget due to the proposed 5% ($8500) reduction in City funding for the SBDC in FY 2010 and declining private sector contributions. Since every other SBDC expense item has been cut to bare minimum, the only place to absorb revenue reductions is cutbacks in staff time.

In its City budget application the SBDC documented the adverse impacts of the $8500 cut, which will necessitate an annual reduction of 243 hours for its independent contractor Business Analyst (financial consultant). This reduction will directly impact the number of businesses that the SBDC will be able to work with by approximately 60 or more

At a time when small businesses have such a great need for SBDC staff expertise and assistance, additional City funding is critical to preserving current SBDC staff resources to serve business owner needs.

1-B).ADDITIONAL HOURLY CONSULTANT TO MEET INCREASING DEMANDS $25,000

In the past 10 days 13 additional businesses have asked for the Alexandria SBDC Business Analyst's help with economic downturn issues. That brings the YTD number to 46 economic downturn requests. We are glad that businesses are responding to suggestions to seek the SBDC's help, but the demands for that guidance are escalating at an accelerated rate that outpaces our current resources.

Consultations to help solve business financial problems are both urgent and time consuming. As a result, we are fast reaching the point where one financial consultant cannot spend adequate time with all the small business owners that need help. That demand for help will become even greater once provisions of the Stimulus Act are clarified and fine-tuned to provide direct help for small businesses. The SBDC will play a critical role connecting business owners to those provisions.

Alexandria SBDC staffing is efficiently structured with a core of 3 full-time staff augmented by high quality hourly consultants only as needed. For the SBDC these dedicated consultants work for the cost-effective rate of just $35/hr.

Alexandria SBDC has identified a retired banker who would be able to provide downturn financial guidance and other financial guidance as needed. Additionally she has unique expertise in the financing of federal and state contracting projects that would add value to the SBDC's proactive efforts to expand small business opportunities in government contracting (described later).

1-C) RETAIL / RESTAURANT OUTREACH EFFORTS $10,000

A year ago, Alexandria SBDC engaged a retail / restaurant expert for an outreach effort with $10,000 of funding provided by Council for proactive National Harbor initiatives. That initiative received an enthusiastic response from a surprisingly large number of retailers and restaurateurs who attended training sessions and participated in consultant store visits. Owners reported that the insights gained from those sessions helped them improve operations, store appearance and customer service. They've asked for more training to help them with merchandizing, marketing and efficiency of operations at a time when they are being hurt by dramatically changing consumer patterns.

Retail consultant Bob Gibbs pointed out in his findings that King Street suffers from too many novice owners and too many retailers whose operations are not profitable. He applauded the SBDC's efforts and said they were mentioned often in his interviews with store owners. He encouraged the SBDC to do more of those programs, especially to help merchants with merchandizing and marketing.

Bringing this highly regarded consultant for another series of retail / restaurant programs and visits will have several beneficial results:

- Strengthen retail performance at a time when retailers are under severe pressure
- Augment ACVA's efforts to attract more visitors to appealing Alexandria shopping experiences
- Leverage Marketing Fund initiatives to help retailers spend their marketing dollars more effectively
- Support AEDP's retail and restaurant attraction program.

Perhaps less tangibly but nonetheless significant will be the signal it will send about the City's support of Alexandria small business owners. One of the prevailing comments from last year's program participants was the expression that it showed that the City really cared about them.

2) Additional Funding to expand support to Alexandria's Small Businesses.- $ 40,000

While helping struggling business owners is the most urgent priority, it is also important to proactively strengthen businesses so that they won't fall into the failure category. We have noticed a compelling pattern from two perspectives – 1) the businesses asking for help with economic downturn issues and 2) the recent response to the SBDC client survey of client performance:

- None of those in dire circumstances are businesses that got started with or used Alexandria SBDC resources early in their business development. They are businesses that never developed a strong market niche, have not adapted to change, and they typically have not operated their businesses effectively.
- A large percentage of the SBDC client businesses that responded to our survey of performance for 2008 reported increases in sales and jobs. Despite the downturned economy, many of the SBDC's clients are thriving.

Proactive efforts are needed to reach more of the City's businesses at earlier stages of their development; to connect owners to new business opportunities – especially those for minority, woman-owned and disadvantaged businesses; and to further strengthen retail and restaurant businesses.

REQUIRED FUNDING DETAIL;

2-A) REACHING MORE ALEXANDRIA BUSINESSES AT EARLIER STAGES $15,000

With its current budget situation Alexandria SBDC lacks funding to replenish informational and marketing materials that acquaint business owners with its resources. In addition, its small staff is so preoccupied tending to inquiries and requests for help that it does not have the capacity to respond to a surge in initial inquiries.

A small portion of the $15,000 of additional funding requested for reaching more businesses will be to enable Alexandria SBDC to print updated informational materials about its services that will be distributed broadly. Most of the $15,000 will be to partially fund an hourly employee to serve as an Intake Specialist, who will field initial inquiries, send appropriate information materials, and schedule business owners to the appropriate SBDC staff person.

Alexandria SBDC staff will proactively work with City staff to encourage referrals when they encounter businesses owners that would benefit from the SBDC's guidance. This includes businesses applying for licenses, businesses applying for permits, businesses approaching Code Administration and businesses struggling with any other City processes. Alexandria SBDC has assumed many of the functions of the former Business Facilitator position, and needs additional manpower to accomplish the additional workload. As a side note, Alexandria SBDC staff is also working now with City staff to help clarify and simplify City processes and checklists.

In addition to working with the City, Alexandria SBDC staff will more actively engage business and civic associations to further acquaint them with the SBDC's resources and ability to help businesses before they get into trouble and especially when they are having problems. Some groups are more active than others in referring businesses to the SBDC, but the SBDC's efforts will be to make that more consistent throughout the City. The SBDC will also continue to encourage referrals from attorneys, accounts, bankers, property developers, landlords, etc.

This will be a progressive initiative where greater recognition of the SBDC's resources will lead to further opportunities to acquaint those who have not yet learned about the value of the SBDC. The increased hourly staffing will be essential to efficiently fielding initial inquiries and will enable current SBDC staff to better focus on responding to those requests.

2-B) CONNECTING BUSINESSES TO NEW OPPORTUNITIES $15,000

Alexandria SBDC's Assistant Director is one of the State's leading experts in issues of minority, woman-owned and disadvantaged business certification; federal and state contracting; and mega-project contract opportunities (VDOT and Airports Authority). Her guidance combined with the expertise of our Federal Contracting Consultant have helped a number of SBDC clients attain contracting and subcontracting opportunities valued into the millions of dollars.

Her time is now divided between such contracting assistance, SBDC administrative responsibilities and responding to many initial SBDC inquiries. The additional $15,000 requested for Connecting Businesses to New Opportunities is to provide the other portion of funding for the hourly Intake Specialist referenced earlier. That Intake Specialist would be able to take many of the inquiries now handled by the SBDC Assistant Director so that she could proactively help more minority, woman-owned and disadvantaged businesses to more efficiently and effectively navigate the complex certification processes.

In addition to greater focus on minority / women / disadvantaged certification assistance, the SBDC Assistant Director will be able to conduct more educational programs to help owners better understand contracting opportunities with federal and state governments and with regional mega-project programs now expanding under VDOT and Metropolitan Washington Airports Authority. These areas are escalating despite the economic downturn and are significant opportunities for those who approach them skillfully. None of these contracting processes are intuitive but with proper SBDC guidance many more Alexandria businesses will be successful.

2-C) RETAIL / RESTAURANT PROACTIVE OUTEACH $10,000

Funding for Retail / Restaurant consultant follow-up was propose among the measures to help struggling businesses and is included here as a highly beneficial ongoing and proactive approach to strengthen Alexandria's highest visibility businesses. A portion of the additional funds would engage the aforementioned consultant to work with JobLink to provide training to retailer and restaurant service staffs in the areas of customer service and sales skills. Retailers and restaurateurs describe maintaining quality staff as one of their biggest challenges and this effort will not only strengthen their business operation but also provide skills to those needing employment. JobLink has shown interest in providing such training but lacks funds to engage the consultant.

Other portions of that additional funding would be used for experts to provide guidance in such vital areas as window display, enhanced storefront appearance, follow-up training in sales skills and customer service, and mystery shopper visits.