

# City of Alexandria, Virginia

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## MEMORANDUM

DATE: APRIL 19, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

SUBJECT: BUDGET MEMO #43: AEDP SUPPLEMENTAL BUDGET REQUEST

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At the March 13, 2012 work session with City Council, AEDP proposed a number of supplemental budget requests. A more detailed description of these requests is attached.

Attachment



## MEMORANDUM

DATE: APRIL 18, 2012

TO: RASHAD YOUNG, CITY MANAGER

FROM: VAL P. HAWKINS, ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP

SUBJECT: ADDITIONAL INFORMATION ON FUNDING OPTIONS FOR THE ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP

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At the March 13, 2012 joint work session with the Alexandria Convention & Visitors Association (ACVA) and the Alexandria Economic Development Partnership (AEDP), the session ended without sufficient time for AEDP to thoroughly present our case for certain project funding. This memo provides additional information meant to fully articulate and clarify requests for restoration of funding and identification of additional high-impact projects under discussion. The items are listed in order of priority, from highest to lowest.

Project	Budget
Restoration of Marketing & Advertising Budget	\$83,368
Advanced Marketing Real Estate Database	\$65,000
Economic Impact Modeling	\$50,000
Development of Public-Private Partnerships	\$30,000

### **1. Restoration of Marketing & Advertising- \$83,368**

The City Manager's proposed budget identified a reduction in the AEDP budget in the amount of \$83,368. The FY2012 AEDP budget includes a similar amount of funding for marketing and advertising efforts to include design and creation of materials and collateral, local and regional advertising (online and print), and public relations efforts.

**The proposed cut will result in a significant reduction in print, web and broadcast advertising campaigns that promote Alexandria to the existing and prospective business audiences.** This would include stopping on-going development and execution of industry-specific marketing, public relations and advertising campaigns (federal space requirements, association/nonprofit, retail, corporate headquarters, etc).

In FY2011 and FY2012, general fund monies were used to create an Alexandria brand (Alexandria Ideal) that has been launched across media, business development, marketing and advertising communications throughout the region and nationally within targeted industries. Lack of funding in

FY2013 may compromise momentum gained over previous years in promoting regulatory and structural changes 'at City Hall' that have made Alexandria 'ideal for business.' Alexandria's regional competition continues to advertise and promote their respective jurisdictions, so lack of funding may negatively impact our competitive position in the region (see attached worksession presentation for investment by local jurisdictions).

**Restoration of the \$83,368, which represents 40% of the entire AEDP marketing budget, would restore current levels of investment and allow for ongoing marketing and advertising.**

## ***2. Advanced Marketing Real Estate Database- \$65,000***

Over the last two years AEDP has created and executed a strategy to function as the 'asset manager' for all commercial properties located within the City's boundaries, working to co-market privately held properties and strategically attract tenants and investors. The first step in this strategy was the construction of a custom database which includes information collected by various City departments, inputs from brokers and owners, and various fields collected and maintained by AEDP staff. The creation of this database was critical because many of comparable products frequently used by real estate professional (CoStar, MLS, brokerage firms, etc.) do not track properties under a certain size or that are owner-occupied; resulting in exclusion of a significant percentage of Alexandria properties and spaces.

This database contains a wealth of information that now needs to be converted into a format that can be shared with the public and used as a powerful marketing tool. Next steps require custom programming and will include components to allow for mapping, modeling, trend analysis, forecasting, reporting on inventory, all in a web-based tool.

**The result will be a best-in-class application, usable in real time and on mobile devices, for brokers, real estate agents and prospective businesses to view and download lists and information on vacancies and development opportunities in the City of Alexandria.** This is imperative as the expectations on how these groups receive information has changed; brokers give tours on iPads and show prospects videos and building visualizations while standing at an existing site of interest or at the location of a future development. This program will capture all of that content in one place, highlighting Alexandria's assets comprehensively. AEDP and our consultant partners are taking steps to copyright and protect the architecture and design of this new tool, and are exploring licensing opportunities to other jurisdictions, not in this region, in the future.

## ***3. Economic Impact Modeling- \$50,000***

As the economy continues to recover, an increase in relocation and expansion activity by both private companies and the federal government is already evident. Many of the preliminary requirements are significant in size and scope, with the potential to accelerate planned development and create positive spin-off effects. Using our experience and process of courting and negotiating to win the US Patent & Trademark Office headquarters award as an example, the ability to create and run an economic impact

model to accurately assess the potential impact of a project is imperative. The report created for the USPTO project was instrumental in assessing public participation and incentives offered as well as demonstrating the game-changing nature of the project to the community and stakeholders. AEDP has used current FY2012 funds to begin to assess the return of other potentially high-impact projects on the horizon and needs to be resourced to respond to opportunities that may arise in FY2013.

#### ***4. Development of Public-Private Partnerships- \$30,000***

As part of AEDP's 'asset management' strategy, we are working with the Department of General Services and the Department of Planning & Zoning to assess and dispose of properties deemed surplus by the City Council. The list of properties includes key parcels in the middle of King Street that, if developed appropriately, could create important anchor space while providing needed public parking.

AEDP is also involved in advising and providing resources to City staff to increase the financial performance of existing assets like the land lease for the Food Court and Chart House restaurant and the former Beachcomber building on the waterfront.

In both instances, the formation of a public-private partnership (PPP) may prove to be the most effective way to control and shape the desired development and/or reuse of the properties. In order to participate in a successful PPP relationship, the City must evaluate various structures, protections and outcomes as well as identify the best private partners for each opportunity. Funding of this project will allow AEDP to access resources to assist the City on these high-profile projects.

# Regional Investment in Economic Development

Jurisdiction	Budget	Total Staff	Commercial Business Development Staff
Montgomery County	\$8,300,000	30	5
Fairfax County	\$7,000,000	34	12
<b>Arlington County</b>	<b>\$3,500,000</b>	<b>22</b>	<b>7</b>
Loudoun County	\$2,100,000	14	4
Prince William County	\$2,000,000	13	6.3
<b>City of Alexandria</b>	<b>\$1,400,000</b>	<b>6</b>	<b>3.5</b>

*Source: Washington Business Journal- 3/9/12*

# Forecasted Economic Development Investment

Jurisdiction	2012 Budget to 2013 Budget Economic Development
Montgomery County	↑
Fairfax County	↔
<b>Arlington County</b>	↑
Loudoun County	↑
Prince William County	↑
<b>City of Alexandria</b>	↓