

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 2, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #17: ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP BUDGET (AEDP)

This memo is in response to concerns that have been raised about funding reductions in the FY 2010 Proposed Budget for AEDP. Page 16-24 of the budget text includes a table which describes the total changes to expenditures for economic development organizations which the City funds, including AEDP. While the City's ongoing General Fund support decreased by 5% (as did ACVA's and the SBDC's City support), the AEDP overall budget as printed reflects a decrease of 30.8%. This memo explains how the -5% relates to the -30.8%. The budgetary changes from the FY 2009 Approved Budget to the FY 2010 Proposed Budget are reflected in the table below with an explanation following.

AEDP Budget			
Sources (All Funds)	FY 2009	FY 2010	% Change
City General Fund Support-Ongoing	\$ 632,819	\$ 601,178	-5.0%
City General Fund Support-Greater Washington Initiative	25,000	-	-100.0%
City General Fund Support-One-time targeted research	63,000	-	-100.0%
IDA Fees	316,077	316,077	0.0%
Retained Earnings & Misc.	79,784	23,534	-70.5%
DOD BRAC Grant	298,074	38,000	-87.3%
Total	\$ 1,414,754	\$ 978,789	-30.8%
Uses (All Funds)			
AEDP Operating Expenses-Ongoing	\$ 1,028,680	\$ 940,789	-8.5%
Targeted Industry Marketing Research	63,000	-	-100.0%
Greater Washington Initiative	25,000	-	-100.0%
DOD BRAC Project	298,074	38,000	-87.3%
Total	\$ 1,414,754	\$ 978,789	-30.8%

For FY 2009, total General Fund support is equal to \$720,819. Of this amount, \$632,819 is for ongoing operational expenses; \$25,000 was a City contribution to the Greater Washington Initiative (GWI) through AEDP, and \$63,000 was a one-time contribution made from the City's FY 2009 contingent reserve funds for targeted industry marketing research. For FY 2010, total General Fund support is equal to \$601,178. Ongoing operational expenses were reduced by 5% or \$31,641 toward the City's 5% reduction target. At AEDP's request, the \$25,000 contribution to the Greater Washington Initiative is now proposed to be made directly by the City and not by

AEDP. The one-time contribution for targeted market research of \$63,000 is not repeated in the FY 2010 Proposed Budget.

In FY 2009, the AEDP also received support of \$316,077 from Alexandria Industrial Development Authority (IDA) fee revenues. IDA support is budgeted to remain the same in FY 2010. In FY 2009, the AEDP received a BRAC grant of \$298,074 from the Department of Defense. While the grant amount is yet to be determined for FY 2010, it is expected to be much less than the grant in FY 2009.

It should be noted that the General Fund decrease of 5% from the base budget is comparable to the proposed General Fund decreases to the Alexandria Convention and Visitors Association, the Small Business Development Center, and First Night. The Eisenhower Partnership Funding is proposed to be cut 50% (as part of a 2-year phase out), and the technology achievement awards process not funded in FY 2010.

AEDP is preparing information which will be sent to City Council in the next few weeks concerning additional funding above the proposed budget total of \$601,178 which AEDP is requesting Council consider. AEDP will be describing what the additional funds will be used for, as well as what the impact of the City increasing its support to AEDP would be.

cc: Stephanie Landrum, Senior Vice President, AEDP

