



**March 21, 2024**

Dear Councilmember Bagley,

Thank you for your questions shared on March 12, 2024 with me and the City's Budget Director. The latter will be sharing a more succinct version of this response with your colleagues and the public through the "budget memos" process.

Given our conversations, I'm sharing with you here a longer, more complete response.

We have addressed your topics of interest in three parts below.

*Question: Can you provide an overview of the AEDP current and proposed budget and context for any growth or expansion proposed in the budget including information about the budget and office size of economic development offices in neighboring jurisdictions such as Arlington, Fairfax or Prince William County, representative examples of revenue generating development in the City where AEDP participated in the securing of that business or opportunity, and figures regarding AEDP support of small businesses in Alexandria, including businesses receiving informational and training guidance, start up support, or other supportive services?  
(Councilmember Sarah Bagley)*

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**Part I:** *Can you provide an overview of the AEDP current and proposed budget and context for any growth or expansion proposed in the budget including information about the budget and office size of economic development offices in neighboring jurisdictions such as Arlington, Fairfax or Prince William County?*

AEDP's 16-person team spans five critical departments:

- Business Development & Retention
- Real Estate
- Small Business & Entrepreneurship
- Communications & Marketing
- Operations & Administration

AEDP's proposed FY25 budget includes City-funded Small Business support for the first time- in prior years, funding was a separate line item, but the work has almost always been

managed/oversight by AEDP. This year the City Manager included two additions over the FY2024 budget:

- one-time funding for Economic & Fiscal impact studies for \$100,000
- A \$367,659 increase to cover AEDP’s expected increase in operating costs including salaries & benefits, office rent, and contractual services such as databases and subscriptions.

In terms of neighboring jurisdictions, the below chart highlights information on related economic development office information.

<b>Locality</b>	<b>Number of FTEs</b>	<b>Annual Budget (FY24)</b>	<b>Population Size (2023)</b>
<a href="#">Arlington County</a>	52	\$9,965,394	237,300
Fairfax County *	53	\$11,660,180	1,192,225
<a href="#">Dept of Economic Initiatives</a>	17	\$2,297,804	
<a href="#">FCEDA</a>	36	\$9,362,376	
<a href="#">Prince William County</a>	20	\$5,096,305	489,640
<a href="#">Washington, DC</a> *	160	\$74,622,025	678,972
WDCEP	11	\$4,012,682	
Deputy Mayor (DMPED)	91	\$46,610,281	
DSLBD	58	\$23,999,062	
<b>Alexandria (AEDP)</b>	16	\$3,568,310	157,594

**\*Notes:** Fairfax County and Washington, DC each have two separate offices who work on Economic Development- a government department and a standalone nonprofit corporation- totals and breakouts are noted in the chart. Arlington and Prince William Counties include other relevant fields under their economic development offices (example, arts) that are separate from Alexandria/AEDP.

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**Part II: Representative examples of revenue generating development in the City where AEDP participated in the securing of that business or opportunity?**

AEDP’s mission is to enhance the City’s tax base and increase employment opportunities. To that end, AEDP’s real estate and business development teams seek out revenue-generating business investment and commercial development opportunities that lessen the City’s reliance on residential taxes to fund services that make Alexandria the best place to live work and play.

Below are some representative examples of hundreds of revenue-generating projects that AEDP helped bring to the City over the last decade. Each of these opportunities were sourced/shaped/negotiated by AEDP:

- Five Guys Corporate Headquarters Relocation:
  - The AEDP Real Estate Team worked to land this headquarters project, which brought 250 corporate employees to the City.
  - Although economic incentives were considered, none were ultimately required for this transaction to move forward- the City was able to provide expedited permitting and consideration of building signage.
  - Five Guys cited the talent pool, amenities and signage visibility as drivers for their move back to Alexandria.
  
- Virginia Tech Innovation Campus (CATALYST):
  - AEDP negotiated the creation and location of this project in Alexandria as part of the larger Amazon HQ2 state package in Northern Virginia. The new 3.5-acre Virginia Tech Innovation Campus will provide unique graduate-level technology education that unites academia and industry.
  - When completed, the \$1 billion, 600,000-square-foot campus will graduate 750 master's students and host more than 100 doctoral students and postdoctoral fellows each year, providing talent to fill crucial job roles throughout the region.
  
- Inova Alexandria Hospital at WestEnd (CATALYST):
  - To facilitate the redevelopment of the former Landmark Mall site, AEDP developed a unique solution through a partnership with the Industrial Development Authority of the City of Alexandria (IDA) and the Alexandria City Council.
  - The creative solution was realized by the IDA through its ability to create a 95 year ground lease (City is limited to 40 year lease), which allowed Inova's \$1 billion construction of the new Inova Alexandria Hospital at Landmark to move forward in 2022 — jump-starting a highly anticipated redevelopment of the 52-acre former mall site.
  - The medical complex will bring more than 2,000 health care workers to the campus and will anchor the expansive Landmark redevelopment.
  - Thanks to this catalyst use, the renamed WestEnd Alexandria area will become a mixed-use, walkable urban village. Plans for the site include for-rent and for-sale multifamily residential units, plus retail, commercial, and entertainment offerings. There will be outdoor parks, a new fire station, and a relocated transit hub (which has already opened).
  
- National Science Foundation headquarters relocation (CATALYST):
  - As part of a competitive regional search, AEDP worked with the property owner and developer to respond to the RFP and ultimately win the headquarters relocation. The project- design, construction and delivery of a Trophy Class 660,000 SF office building at the Eisenhower Metro station- brough 2,400 jobs to Alexandria, and significant economic impact from spending, meetings and hotel stays.

- AEDP and City staff negotiated the creation of the Eisenhower Avenue Science Redevelopment District- which provides the property used by NSF a lower real estate tax rate, which is projected to be a \$23 million value to the property owner over the initial 15-year lease.
- The construction of this anchor building and tenant then catalyzed surrounding development- as imagined in the Eisenhower East Small Area Plan- to include the Wegmans grocery anchored Carlyle Crossing, and repositioning of the Hoffman Center office buildings, and construction of 1000s of new apartments.
- International company touchdown program:
  - **Metroscope:** With support from AEDP’s Business Development team, Metroscope, a Paris-based diagnostic software company that identifies inefficiencies and potential damage in industrial equipment, signed a two-year lease to open its first US office in Alexandria, Virginia. AEDP arranged for a “free trial” of space and made customized business-to-business introductions in advance of their office commitment.
- Retention and Growth of Major employers:
  - AEDP was instrumental in presenting the development sites where **National Industries for the Blind (NIB)** and **American Physical Therapy Association (APTA)** now reside in Potomac Yard South. AEDP presented to NIB the opportunity to use IDA bond financing to develop its site. AEDP introduced Kaiser Permanente as a tenant to NIB to help anchor the project and move it forward.
  - AEDP also introduced APTA to property owner JBG SMITH, to be considered for a build to suit on the balance of the pad site. APTA’s former campus is slated to move forward with conversion to residential with C3/Whitaker investments. AEDP also introduced Levine School of Music to C3 as an arts anchor for the development.
  - **National Center for Missing and Exploited Children (NCMEC)** decided to sell their historic office building (699 Prince Street) and searched the region for a new office headquarters. Ultimately, they decided to stay in Alexandria with a move to 333 John Carlyle. AEDP helped secure the retention of this business by facilitating work with the City to create a separate first-floor entrance in this building.
  - **Mayvin:** This government contractor took over a lease on 16,000SF office space overlooking the Potomac River in Canal Plaza during the pandemic and has continued to grow its workforce. It has more than 130 people working in the office and helped contribute to the continued viability of Canal Plaza as a commercial center. The plaza owner has invested in increased placemaking and partners with the City to host alternate viewing stations for waterfront events, thereby expanding their capacity to accommodate more visitors.

- Retention and support of Nonprofit and community organizations:
  - AEDP was instrumental in finding below-market rent sites for **Alive!** and **Child and Family Network Center** and is currently working with Alive! on bond financing to purchase a site.
  - AEDP helped facilitate the retention and relocation of **The Art League (TAL)**, a 60-year-old nonprofit that was facing displacement by redevelopment and was at risk of leaving Alexandria. AEDP, through partnership with the IDA, secured financing for TAL build out costs in the new facility. This work ensured TAL could anchor the OTN Arts District at the Muse Condominium project. AEDP also [secured valuable press coverage](#) of [these deals](#) to support TAL’s fundraising efforts.
  
- Identification of State Programs, leveraging a local match:
  - AEDP helped find locations and facilitate the issuance of [AFID grants](#) to support **Port City Brewing’s** expansion and retention in Alexandria and attracting **Lost Boy Cider** to the Carlyle neighborhood.
  - **Hotel Heron:** AEDP helped Hotel Heron’s developers secure \$6+million in gap financing to restore a historic hotel — and create a new gateway to welcome visitors to Old Town Alexandria after the project stalled during the Covid pandemic.
    - The larger gap financing supplanted an initial incentive AEDP facilitated for the Heron developers- totaling \$750,000- to keep the project from converting to residential, with certain claw back provisions. The developer again considered converting to residential during the pandemic, but for the AEDP presentation of the State of Virginia’s [TDFP](#) gap financing program that helped move the development forward to the future Heron Hotel. The developer forfeited the majority of the incentive (\$500,000) to take advantage of the gap financing program.
    - Heron offers two important revenue-generating opportunities for the City: 1) As a commercial use, it will contribute to diversifying the City’s tax base and 2) It offers a higher-end product that was previously missing in Alexandria and will help attract additional overnight visitors.

The City’s Industrial Development Authority, which is administered by AEDP, was instrumental in facilitating many of the opportunities listed above. In total, the IDA has supported [43 projects](#) in the City.

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**Part III:** *Figures regarding AEDP support of small businesses in Alexandria, including businesses receiving informational and training guidance, start up support, or other supportive services?*

Since July 2023, AEDP's four-person small business team has conducted over 330 counseling sessions, serving more than 100 unique clients. During that time, AEDP has also carried out 12 small business workshops, webinars and networking events, with nearly 350 participants.

Other examples of AEDP's Small Business support and outreach in the community include:

- [The Official Launch of the New AEDP Small Business Program.](#)
- Small Biz Website Program:
  - Provided free website development and one year of free hosting (three years of cost-shared hosting total) for nine small businesses, most of whom are run by SEDI entrepreneurs. One of the nine businesses, [Dot Over Dot](#), provides training and employment opportunities for the formerly incarcerated.
- [Queen Street Grant Program:](#)
  - \$105,000 in grants distributed to businesses located in a historically Black business district to help with COVID-19 recovery related expenses.
- [Business Association Grants:](#)
  - \$535,000 in funding awarded to eight Alexandria business associations to help grow their programs to provide local business support.

AEDP also provides important marketing opportunities for local small businesses, [including our blog posts and social media series, featuring SEDI entrepreneurs](#), as well as leading the efforts to garner important editorial accolades in business-focused press such as:

- [Money Magazine Top 50 Best Places to Live](#)
- [Business Facilities #1 Best Business Climate for Small Cities](#)
- [Fortune Best Places to Live for Families](#)

Please let us know if you have any additional questions or need more information.

Sincerely,



Stephanie Landrum  
President & CEO