



ALEXANDRIA
ECONOMIC
DEVELOPMENT
PARTNERSHIP

Stephanie Landrum | President & CEO

The word 'GROW' is rendered in a large, white, stylized font with multiple concentric outlines for each letter. Below it, the word 'ALEXANDRIA' is written in a white, sans-serif font inside a light blue rectangular box. The background is a long-exposure photograph of a city street at night, showing light trails from cars and illuminated buildings.

GROW

ALEXANDRIA

CITY COUNCIL WORK SESSION

MARCH 26, 2019

Why Economic Development?

To identify partners who want to join us in improving the quality of life for our residents

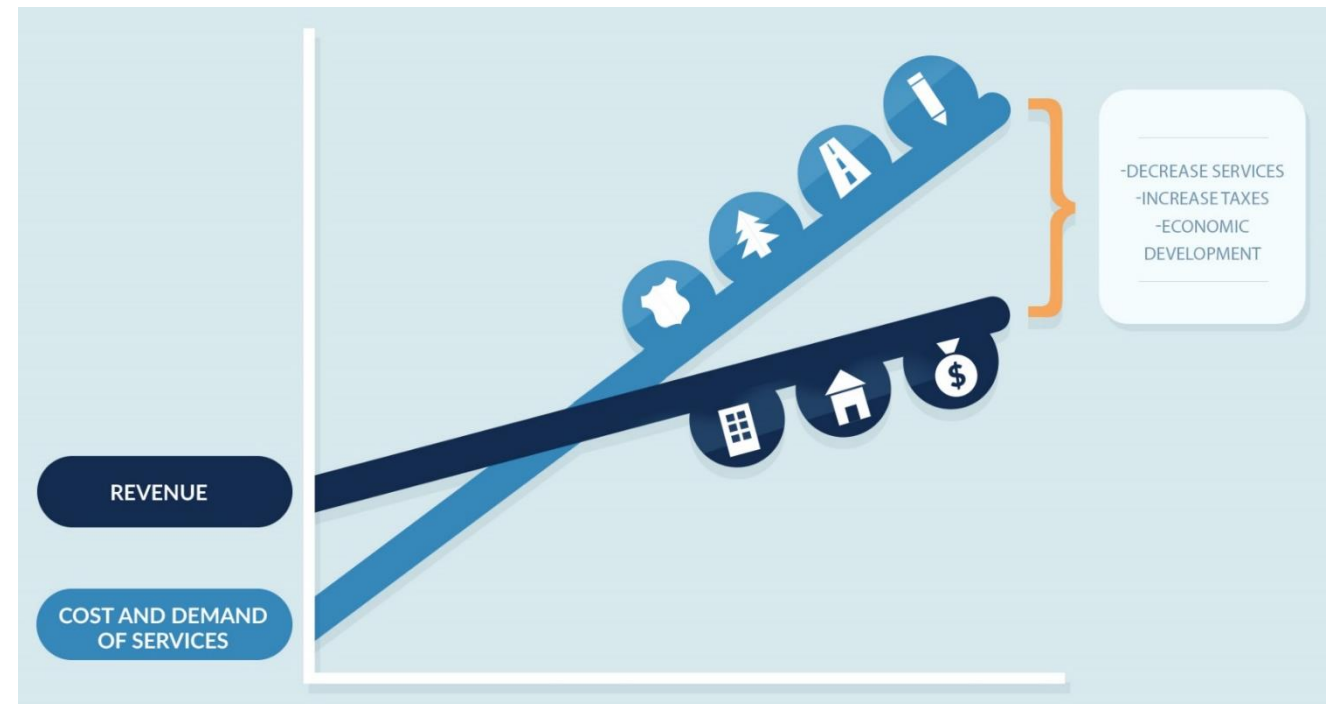
- Creation of new jobs and an improving economy for all
- Generation of net new tax revenue to fund city services and improvements to schools, transportation, housing, etc.

At a local level this includes:

- Facilitating real estate development projects
- Attracting diverse private sector businesses
- Supporting existing business growth

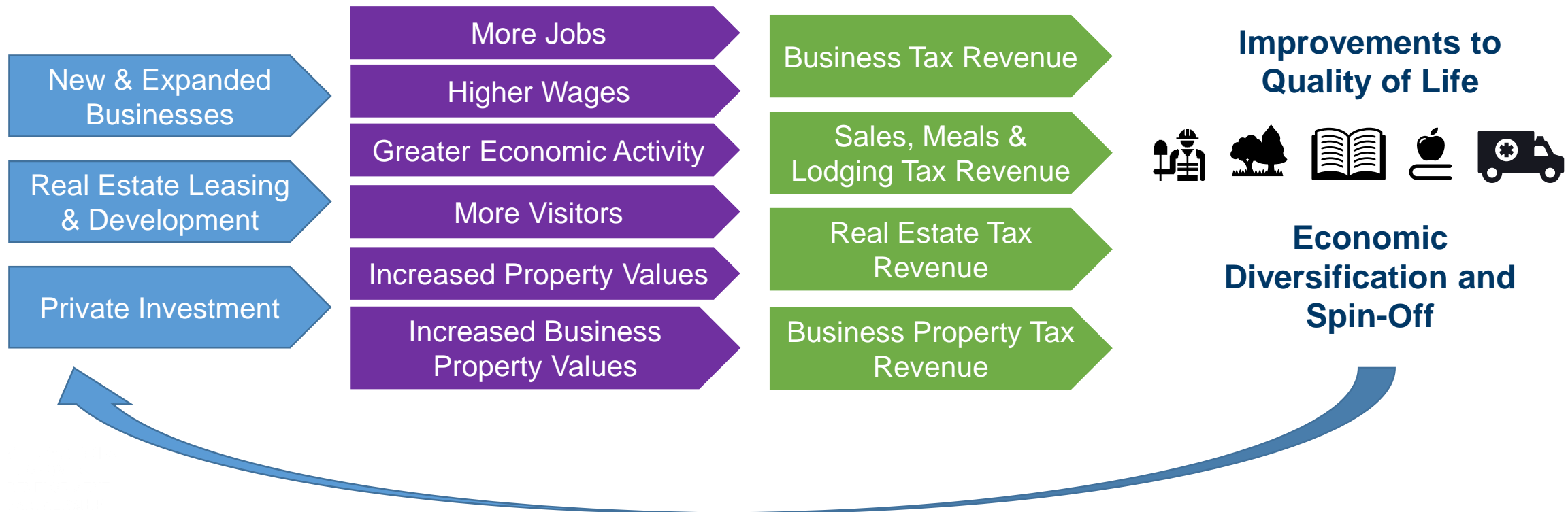
At a regional level we focus on:

- Developing a highly educated workforce
- Creating vibrant, inclusive, and affordable communities
- Maintaining and expanding our transportation system

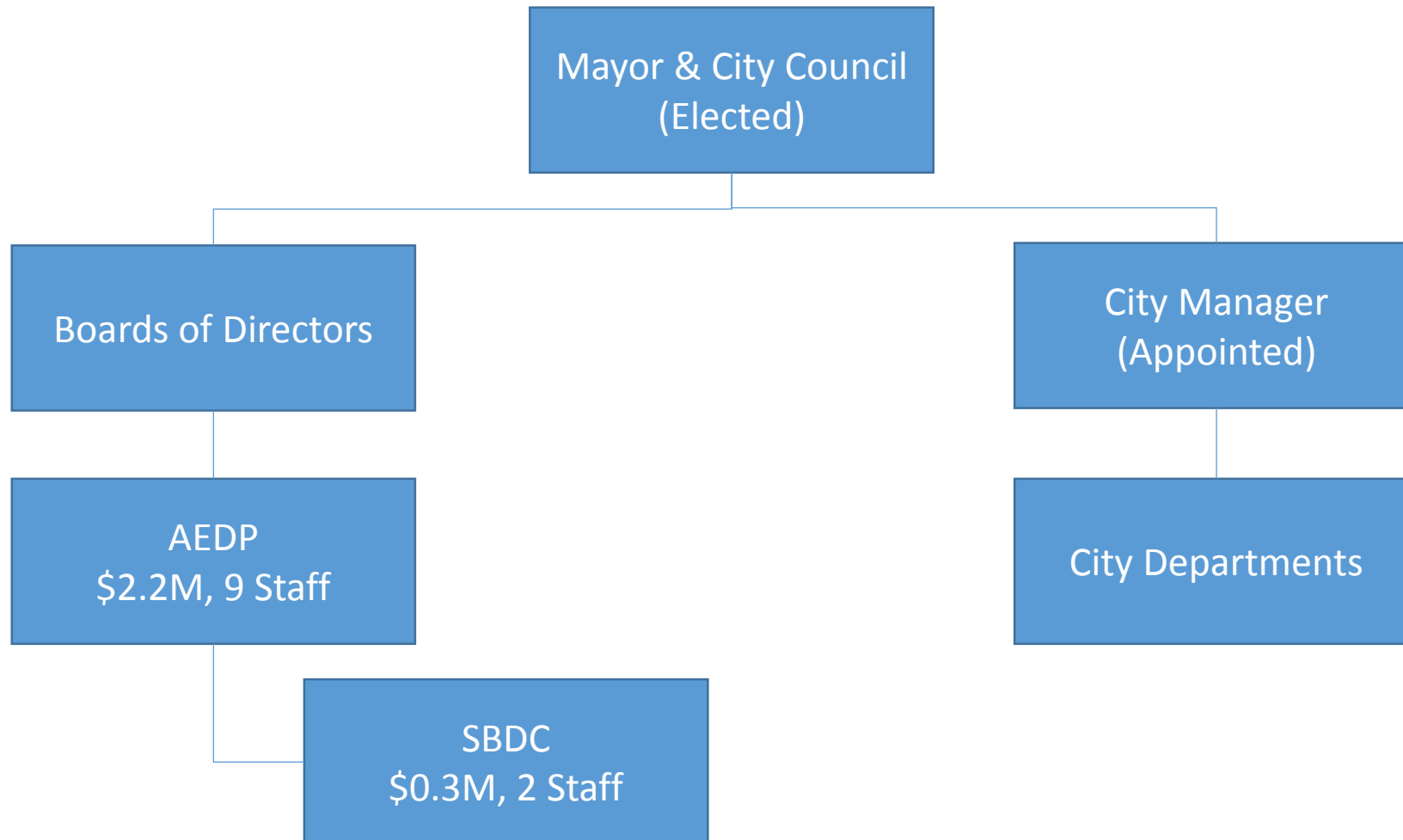


How do we measure a “win”?

Successful economic development generates net new tax revenue and is an alternative to reducing services and raising taxes to balance the City’s budget



Economic Development Partners



AEDP Board of Directors

Areas of Expertise

- Architecture & Design
- Commercial Banking
- Commercial Brokerage
- Commercial Real Estate
- Consulting
- Entrepreneurship
- Finance & Venture Capital
- Government Contracting
- Health Care
- Mixed-Use Development
- Retail/Restaurant



— CHAIR —
SCOTT SHAW
ALEXANDRIA RESTAURANT PARTNERS



— VICE CHAIR —
KERRY DONLEY
JOHN MARSHALL BANK



— TREASURER —
DAVE MILLARD
AVISON YOUNG



— PAST CHAIR —
CHRIS HARTMAN
CITY NATIONAL BANK, AN RBC COMPANY



MARCY ANDERSON
FEDERAL PROFESSIONAL SOLUTIONS



DAVID CLEARY
CLEARY & OXFORD ASSOCIATES



GABRIELA CAÑAMAR CLARK
LANDDESIGN



DAVID CLEARY
CLEARY & OXFORD ASSOCIATES



CHARLOTTE HALL
POTOMAC RIVERBOAT COMPANY



DAVID HEIDEN
MITRE CORP.



A.J. JACKSON
EYA



MARK JINKS
CITY OF ALEXANDRIA



ETHAN MCAFEE
POTOMAC RIVER HOLDINGS



JEFF KOVACH
BEACON CAPITAL PARTNERS

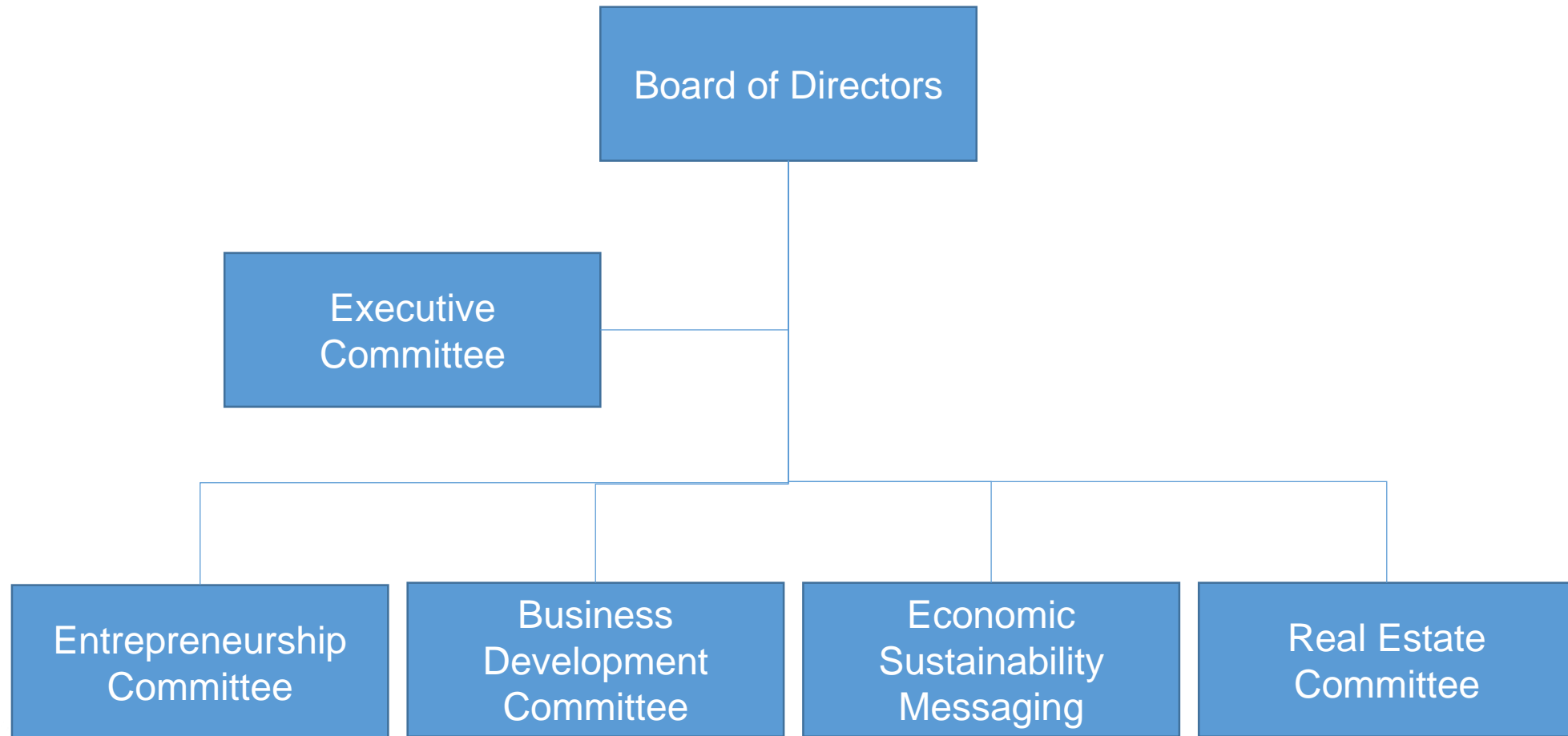


MELISSA WEBB
RAPPAHPORT COMPANIES

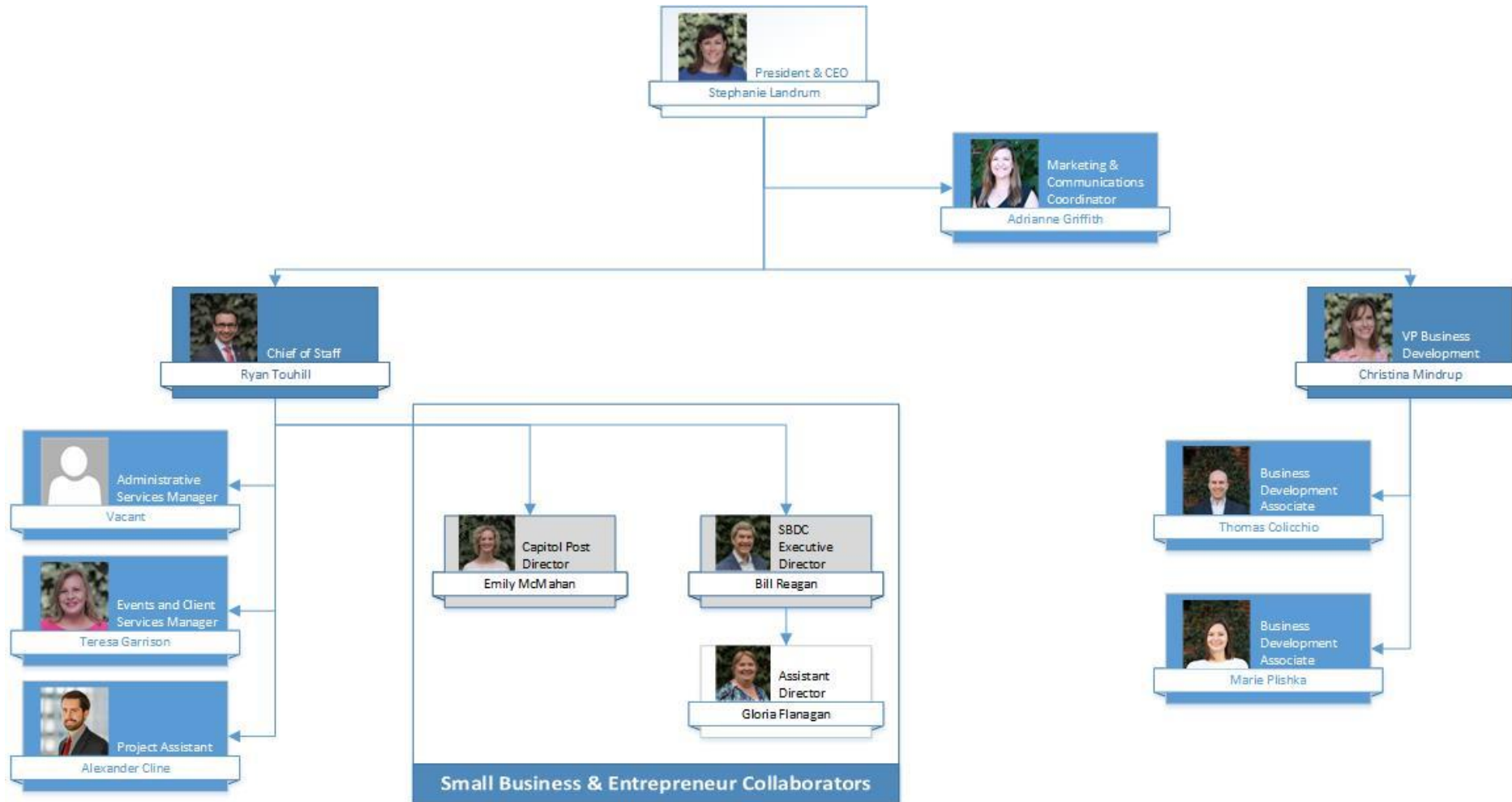


NISHITA HENRY
DELOITTE

AEDP Board Structure



AEDP Organizational Structure



Business Attraction



RECRUITMENT

AEDP staff attend targeted regional, national, and international conferences annually to market Alexandria to companies and site selectors



Staff also participates in state-sponsored “call trips” across the U.S. to meet 1-on-1 with prospects

Business Attraction

REQUESTS FOR PROPOSALS

Alexandria responded to 12 RFPs from major companies sent by the State (VEDP) over the past 2 years

FY 2020 Proposed budget includes \$0.3M to fund a new Lead Generation Team to enhance proactive recruitment of prospects

Project Name	Status	Square Feet	Jobs created	Private Capital Investment
Henry	On hold	25,000	55	-
Matrix	Eliminated	60,000	250	\$10 Million
Emerald	Eliminated	200,000	450	\$40 Million
Genesis	Cancelled	150,000	500- 800	\$55 Million
Hive	Eliminated	200,000	450 - 700	\$58 Million
Amazon HQ2	Selected*	8,000,000	50,000	\$5 Billion
2020	Eliminated	55,000	200	-
Hemlock	Eliminated	75,000	1,000	-
Gamma & Connect	Ongoing	270,000	355	\$179 Million
Verdigris	Eliminated	20,000	150	-
Spaceship	Eliminated	1,000,000+	15,000	\$1 Billion
Renaissance	Eliminated	125,000	396	\$22-\$41 Million
TOTAL		10.2 Million SF	68,806 – 69,356	\$6.4 Billion

Business Attraction

INCENTIVES

Incentive requests are currently considered on a case-by-case basis and are analyzed using a variety of factors specific to the company and project outcomes (e.g., job creation, capital investment, revenue and real estate impacts)



Alexandria Investment Fund (AIF) – provides performance-based grants to businesses seeking to locate and expand in Alexandria.



State Incentives – Virginia has a variety of discretionary programs offering performance-based cash incentives for companies considering another State or Country.

Business Attraction

INCENTIVES

AEDP leads the review process for incentive requests. All incentives must ultimately be approved by City Council at a public meeting.

Prospect (company or developer) contacts AEDP about incentive opportunity

AEDP requests general financial information*

Prospect shares details of project outcomes (jobs, investment, real estate, etc.)

AEDP conducts due diligence and ROI analysis

Prospect identifies ALX as finalist; incentive offer prepared

*At this time, AEDP also determines if state incentive programs apply; state review and approval parallels local review/approval process

AEDP briefs City Manager and Council on deal

AEDP presents Prospect a letter of intent; Prospect accepts incentive offer

Performance Agreement negotiated

Presentation to Council and public hearing; Performance Agreement executed

Incentive Funds Distributed

Ongoing Monitoring and Reporting

Business Attraction

INCENTIVES



Combined, current AIF grant projects are estimated to generate \$2.25 in net new tax revenue for every \$1 of grant funds

- \$1.15 million in AIF grants committed to 3 projects
- \$57.5 million of capital investment; 196 new jobs
- \$2.6 million of net annual tax revenue (projected)

Name	Total Incentive	Square Feet	Jobs	Private Capital Investment	Net Annual Tax Revenue
Port City Brewing Company	\$155,000	12,000 SF Expansion	Retained: 37 Created: 26	\$2.6 Million	\$0.1 million
Kearney & Company	\$250,000	50,000 SF Expansion	Retained: 500 Created: 50	\$0.9 Million	\$0.8 million
May Riegler	\$750,000	66,000 SF Office-to-Hotel Conversion	Created: 120	\$54 Million	\$1.7 million

Real Estate Development

AEDP encourages new commercial development by serving as a liaison to developers and city staff and through the use of economic development incentive tools.



Advisors – AEDP meets regularly with developers and city staff about real estate development projects and participates in small area planning processes.

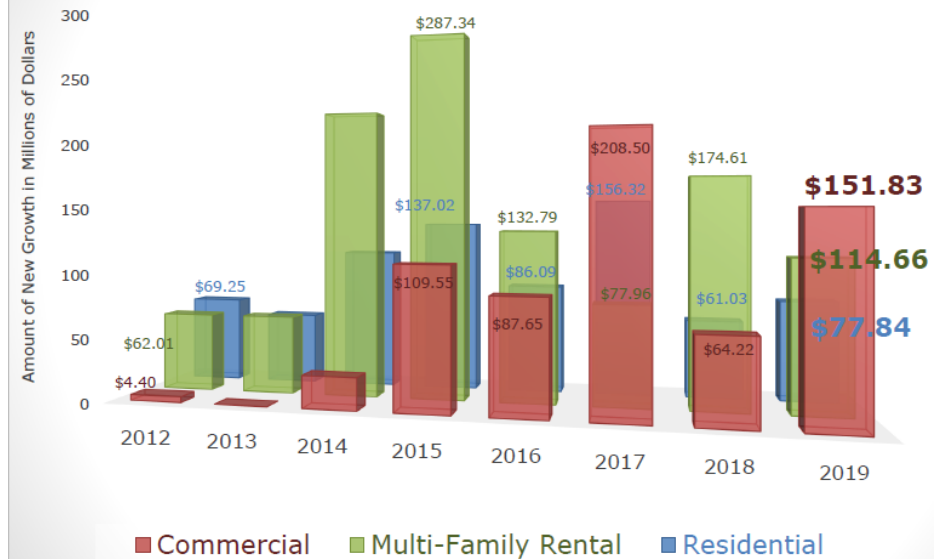


Real Estate Tax Abatements – partial real estate tax exemptions may be provided to real property owners with catalytic development/re-development projects or to attract major users.



Tax Exempt Financing – Below market rate bond financing of capital projects may be available for qualified businesses and organizations seeking to invest in Alexandria.

Historical New Growth (CY 2012 to CY 2019)



The lack of consistent new commercial growth impacts Alexandria's ability to meet tenant demands for new, highly amenitized office space.

Real Estate Development

New commercial development generates significant new revenue for the General Fund while requiring a minimal amount of city services

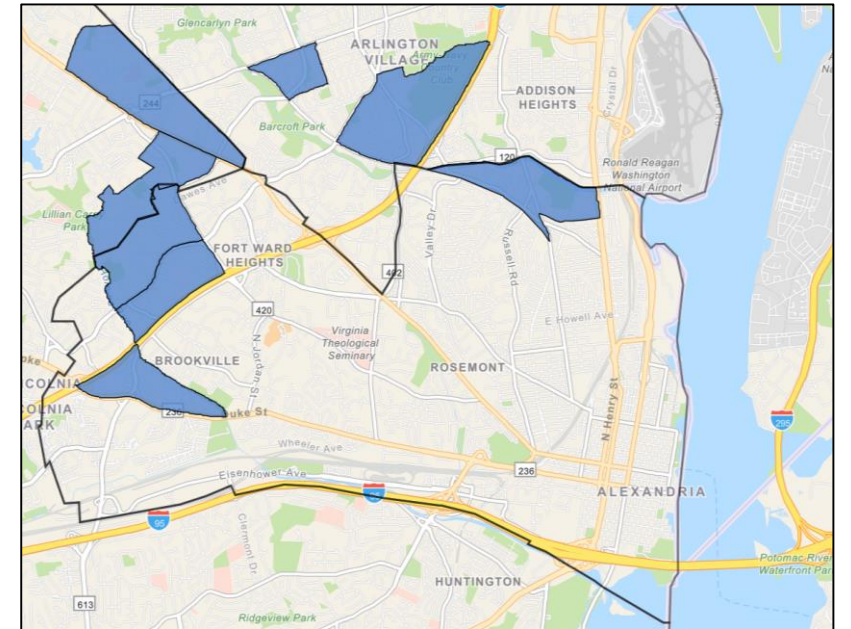


Name	Incentive	Total Incentive	Square Feet	Jobs	Private Capital Investment	Tax Revenue Impact
USAA (NSF HQ)	Real Estate Tax Abatement	\$28.2 million	New 690,000 SF Building	Created: 2,100	\$250 Million	\$73 Million (15 years)
National Industries for the Blind	Tax Exempt Financing	N/A	New 100,000 SF Building	Retained/Expanded 165	\$27 million	\$5.8 Million (5 years)

Real Estate Development

OPPORTUNITY ZONES

- Designated low-income census tracts that have a preferential tax treatment on new investments within the zone
 - Allows private-sector investors to invest their capital gains into a designated census tract without paying a capital gains tax.
 - Potential benefits include: revitalizing commercial properties, redevelopment of aging residential stock, ability to attract job-creating businesses
- AEDP and City staff has been consulting outside experts to understand what role the city should play in facilitating OZ investment

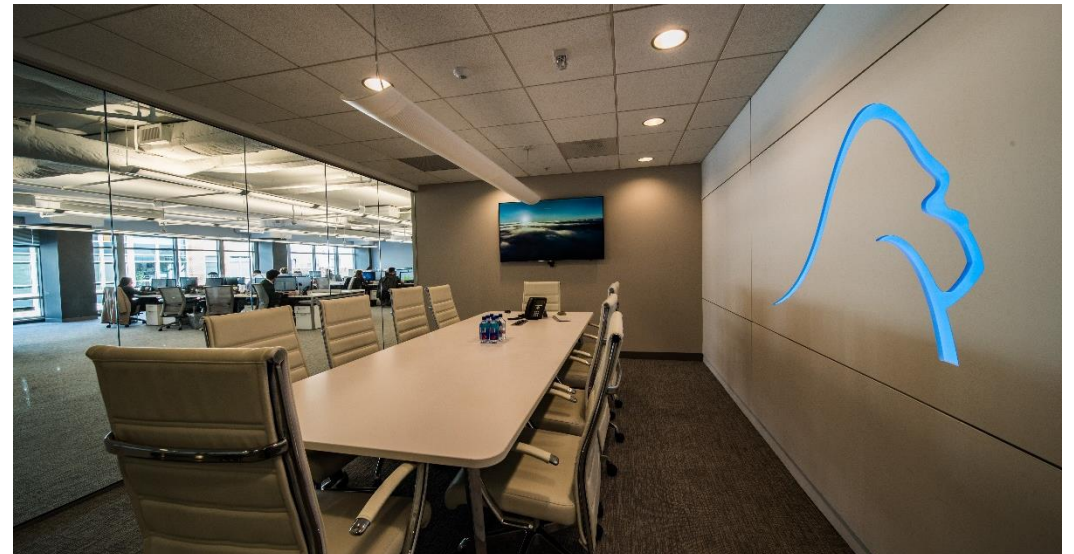


In 2018 the Governor designated 4 census tracts in Alexandria as Opportunity Zones

Business Retention

The goal of AEDP's business retention program is to engage companies about the benefits of remaining in Alexandria before they consider other locations

- 25 retention appointments with companies held since 2018
- Daily consultations with companies referred by the Small Business Development Center, real estate brokers, and Councilmembers
- AEDP also tracks lease expirations for major tenants
- AEDP has teamed with VEDP for meetings every other month
- AEDP staff supports meetings with the Mayor and business leaders



Small Business

SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

The SBDC strengthens and grows Alexandria's small business community through expert consultations, educational programs, and connections to critical resources and sources of capital



SBDC analysts provide 1-on-1 business plan reviews and facilitate loans from traditional sources of capital



Business roundtables, workshops, and peer programs for growth-stage businesses provide learning and networking opportunities for small business owners



SBDC's website provides checklists and helpful content to assist business owners at all stages of business



The SBDC convenes Alexandria's business associations for monthly discussions on key business issues



Retail

Pop-Up ALX was launched in 2017 to provide opportunities to small businesses to test Alexandria's market while also helping to reduce retail vacancy.

- 10 independent pop-up retailers placed in vacant storefronts (totaling approximately 10,000 square feet)
- Hosted several seasonal markets with multiple retailers in Old Town and Carlyle
- 2 retailers have moved into permanent space in Alexandria
- Landlords are beginning to offer short-term leases (<5 yrs.) to retailers in response to the program's success
- Program and retailers have received extensive local and regional press coverage



WHY POP-UP?

Pop-up ALX provides the opportunity for small businesses to test their fit in the Alexandria, VA market without making a long-term commitment. The program welcomes all tenants who are passionate about their business concept and ready to expand their entrepreneurial venture into Alexandria's retail scene.

OPPORTUNITIES FOR:

POP-UP SHOPS

expand your concept

PROPERTY OWNERS

populate your space

COMMUNITY

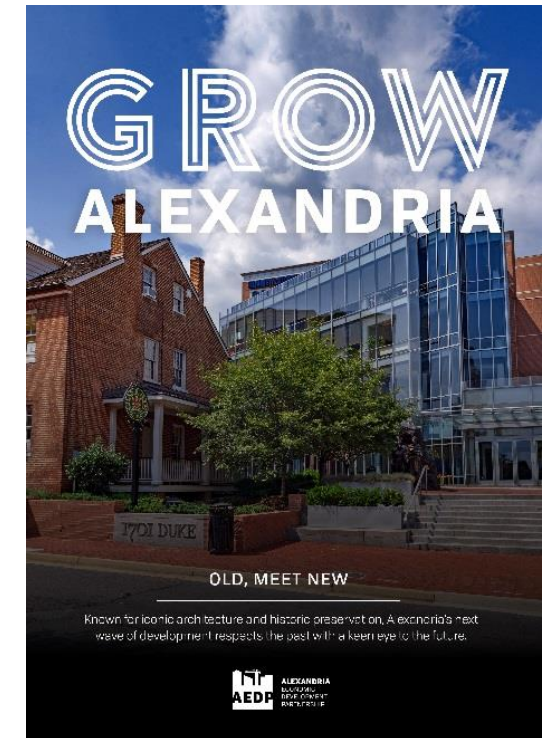
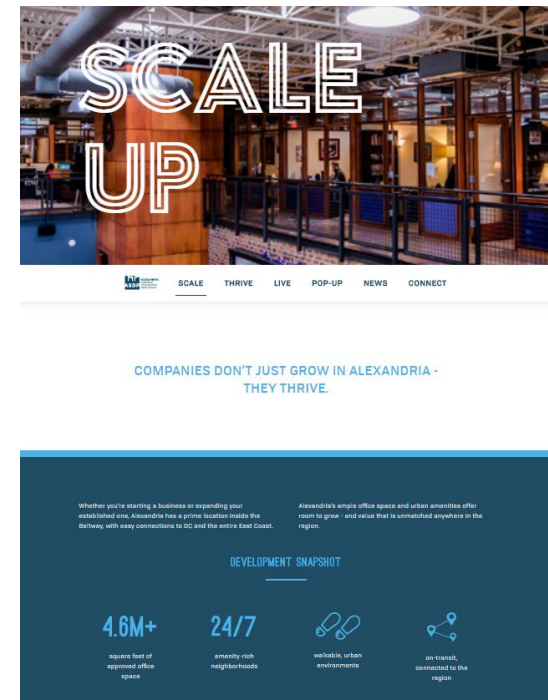
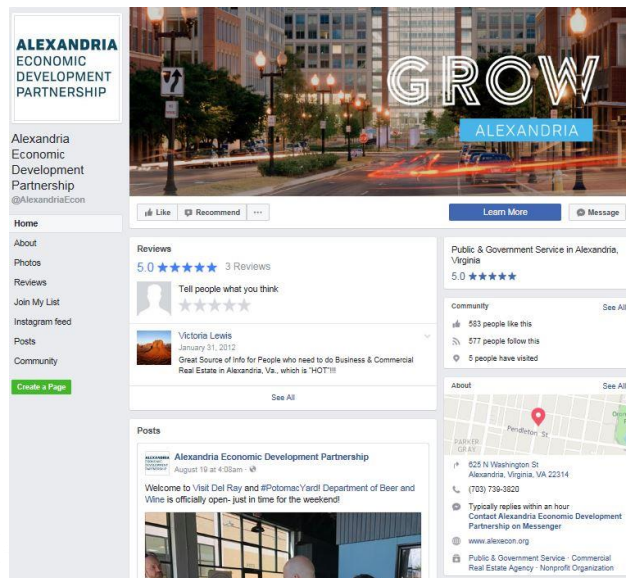
enrich your neighborhood

Marketing

NEWS & SOCIAL MEDIA

AEDP shares economic and real estate news and updates through a weekly newsletter, social media, and our marketing website www.growalx.com

Follow us
@AlexandriaEcon



Regionalism

Innovation lives here.



Promoting a new regional brand: *Innovation Lives Here*



Joint marketing missions outside of the region to call on businesses



GO Virginia regional grants focused on developing NOVA's tech talent pipeline



Formalizing a regional approach to economic development

The Case for Northern Virginia



North America's top producer of tech talent

The D.C. metro is the country's most educated region and it produces more computer science graduates than any other metropolitan area. The combination of talent available in the metro, with additional tech talent production from Virginia's world-class higher education system, ensures NOVA will maintain and enhance its edge with access to the best and brightest.



America's only metro leading public and private sector innovation

Innovation is in our lifeblood. The region's legacy of transformative technologies transcends sectors, from DARPA's role in inventing the internet; to more than 70 miles of automated corridors for connected and autonomous vehicle testing; to the region's history as the foundation of the telecom revolution and our current depth of technology companies - we sit uniquely at the nexus of public and private innovation.



A global and inclusive region on a human scale

We are one of the country's most racially, ethnically, and internationally diverse regions. Women are twice as likely, and African Americans five times as likely, to work in the technology sector in NOVA than in Silicon Valley; and our communities are ranked among the most LGBTQ-friendly nationwide. NOVA offers something for everyone: some of the country's most interesting cultural and historical sites, sports teams in all major leagues, and a dynamic food and wine scene.



A stable and competitive partner with a legacy of exceptional governance

Virginia is consistently rated among the best states in which to do business by leading publications. Of all the Fortune 500 companies based in the greater D.C. area, two-thirds have chosen to locate in NOVA. In 2017, U.S. News & World Report ranked Virginia as the No. 2 best state for governance, considering fiscal stability, budget transparency, and state integrity.

Contacts



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