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City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 8, 2017
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:
Consideration of Participation in Regional GO Virginia Economic Development Grant Applications.

ISSUE: Grant applications to the Virginia Initiative for Growth & Opportunity (GO Virginia).

RECOMMENDATION: That City Council:

1. Endorse Alexandria's participation in the four regional economic development project proposals identified by the Alexandria Economic Development Partnership (AEDP); and
2. Authorize the City Manager to submit documents in support of four grant applications for the purpose of implementing regional economic development projects and enter into any agreements required to receive GO Virginia funds should any of the project proposals be approved by the GO Virginia regional and statewide oversight boards.

BACKGROUND: In 2015, recognizing the changing economic forces impacting Virginia, leaders from the business, education, and government sectors began seeking support for a new approach to economic and workforce development to diversify and strengthen Virginia's economy. The following year, their efforts led to the enactment of three pieces of legislation establishing the Virginia Initiative for Growth & Opportunity, or "GO Virginia". The main goal of GO Virginia is to foster private-sector growth and job creation through state incentives that encourage regional collaboration among jurisdictions in partnership with the private sector and higher education institutions. To support GO Virginia, the General Assembly approved funding for the Virginia Growth and Opportunity Fund to provide competitive economic development grants on a statewide and regional basis.

GO Virginia's implementation is led by the Virginia Growth & Opportunity Board, a 24-member statewide policy board supported by the Virginia Department of Housing & Community Development (DHCD). To date, the primary responsibility of the board has been to oversee the creation of nine regional districts consisting of multiple local jurisdictions that share similar economic and workforce development needs, and adopt guidelines and a strategic plan to guide grant applications. Going forward the Board will evaluate applications for grant monies from the Virginia Growth and Opportunity Fund and reward those funds to qualifying projects.

Each GO Virginia region has a regional council comprised of leaders from business, economic development, education, and local government who oversee the creation of regional Growth & Diversification Plans that outline economic and workforce priorities for the region. Northern Virginia is part of Region 7 which consists of the cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park; and the counties of Arlington, Fairfax, Loudoun, and Prince William.

DISCUSSION: The GO Virginia Northern Virginia Region 7 Council (GO NOVA) finalized a regional Economic Growth & Diversification Plan that identified three broad goals aimed at increasing private sector growth opportunities and the creation of high-growth, high-paying jobs:

- Grow and strengthen Northern Virginia's technology workforce,
- Support the expansion of small and medium sized growth companies, and
- Increase technology transfer and commercialization activities from research centers and institutions.

In September 2017, GO NOVA began soliciting letters of interest for regional projects to participate in GO Virginia's competitive grant process. There are \$3.2 million in state funds allotted to Region 7 and an additional \$11.1 million in competitive state-wide funds available for projects that engage localities in two or more of the state's regions. All projects require a 50% local match. To qualify for GO Virginia, funding projects must:

- Involve key focus industry clusters (computing, cybersecurity, engineering, science, etc.) that pay average annual wages greater than \$70,000;
- Benefit two or more jurisdictions (county or independent city) in Region 7, or at least one Region 7 jurisdiction and a jurisdiction located elsewhere in Virginia;
- Commit non-state sources of matching funds (50/50) or quantified in-kind contributions, including participation by included jurisdictions, and
- Generate new spending in Northern Virginia.

Working with their regional counterparts and other stakeholders staff from AEDP identified four projects to support that address key economic development priorities for Alexandria and meet Region 7's goals. The grant application process is still under development by GO NOVA so full details regarding the review and approval processes are not yet available. At this time, Letters of Interest have been submitted for each project by key

sponsors, and all have received positive feedback from GO NOVA staff. Sponsors for two of the proposals have been asked to submit more detailed applications and background materials.

The four projects described in the attached project proposal overview range in scope and potential impact. Two focus on growing Northern Virginia's technology workforce to address the critical need for qualified workers to fill thousands of vacant tech and IT positions across the region. A third sponsored by AEDP and Arlington Economic Development aims to accelerate the development of high-growth startups to facilitate increased job creation and private capital investment in Alexandria and Arlington. The fourth proposal, sponsored by George Mason University, seeks to increase the number and pace of technology/innovation transfers to the commercial market. These four projects are highly complementary in nature and together will strengthen the cycle of private sector business growth and workforce readiness within focus industries. It is also important to note that these four project proposals, and GO Virginia more generally, represent a significant step forward for regional cooperation. Combined the projects include all nine jurisdictions from Region 7, as well as the Northern Virginia Technology Council, Northern Virginia Community College, and George Mason University. If approved, these groups would leverage \$861,897 in new state economic development incentive funds.

FISCAL IMPACT: The project budgets for all four project proposals total \$1,723,793, of which 50% would be funded by the state and 50% by local contributions. Alexandria's maximum contribution would total \$186,477, of which \$163,168 (88%) will be covered by existing departmental budgets, current staff salaries, or other in-kind contributions. The remaining \$23,309 (12%) would require new funding, or the reallocation of existing City or AEDP funds, to support the "Tech Talent Pipeline" initiative described in greater detail in Attachment 1. If this Tech Talent Pipeline proposal is funded, the local match source will be identified.

ATTACHMENT: Project Proposal Overview

STAFF:

Stephanie Landrum, President & CEO, Alexandria Economic Development Partnership

Ryan Touhill, Chief of Staff, Alexandria Economic Development Partnership

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