

# **BUDGET WORKSESSION**

**ECONOMIC DEVELOPMENT AUTHORITY**  
and  
**Department of Economic Development and Tourism**

Requested elements for

**ECONOMIC DEVELOPMENT**  
**OPPORTUNITY FUND**

# MAJOR EDA / DEPT ACTIVITIES

- |                            |                                                               |
|----------------------------|---------------------------------------------------------------|
| 1. Roles / expectations    | BoS vision, Comte roadmap, EDA strategy, staff execution      |
| 2. Strat / campaign plans  | Integrate plans / metrics / budget / staff                    |
| 3. Target industries       | Promote healthcare, industrial, tourism, DoD / technology     |
| 4. Metrics                 | Increase employers, employees, avg wage, visitors, hotel %    |
| 5. Business retention      | Grow, not just retain, 2,500+ enterprises in County           |
| 6. RACER Trust             | Initiate self-directed sale / lease efforts                   |
| 7. Re-enactment            | Commemorate Wilderness / Courthouse battles, 1-4 May          |
| 8. Southpoint / Vis Ctr    | Dispose or reuse 8,500 sq ft facility for public benefit      |
| 9. County land             | Dispose of 20+/- surplus land parcels, re-invest proceeds     |
| 10. BIG program            | Refine process by Jul 2014, fund 20 new enterprises           |
| 11. Sponsorships           | Create orderly BoS / EDA (not Dept) process                   |
| 12. Fred Regional Alliance | Support UMW / regional economic development efforts           |
| 13. Tourism Partnership    | Support regional strategies / events with VTC assistance      |
| 14. Prospects / projects   | Grow Thornburg, Rt 1/2/3, Lake Anna, Bowman, Mall, GM         |
| 15. Incentives             | Reimburse BPOL / M&T / PP tax, match VEDP GOF if req'd        |
| 16. Budget                 | Ensure adequate "EDO" fund for EDA use via ED&T Dept.         |
| 17. Best in Commonwealth   | Pursue EDA strategic objectives of efficiency / effectiveness |

# EDO REQUEST

## Revenue (rounded and simplified)

- \$62k Rent from Southpoint building (includes County payment for Visitor Center space)
- \$1,133k General Fund transfer (\$1,082k ongoing annual funding, \$51k one-time non-recurring funds)
- \$1,195k

## Expenses (rounded and simplified)

- \$367k** *Incentive* commitments (Mall, Circinus, HDT Global, Kaeser, Zope, PMC, Davis, Knifecenter, **new**)
- \$200k** Anticipated *incentives* / reimbursements ( BPOL / M&T / airplane / etc, see slide 5 )
- \$157k** Business *Incentive* Grant program (refinements planned by June, goal 20 new grants)
- \$138k Staff support / reinforcement (via training / interns / PTstaff / FTstaff and/or contractor)
- \$108k Fredericksburg Regional Alliance (economic development marketing, primarily attraction)
- \$72k Southpoint operating loss (\$60k mortgage + \$12k utilities / insurance / etc)
- \$50k Prospect development (travel, lodging, hosting, events, materials, and related business services)
- \$43k EDA legal support, stipends, etc (meetings, negotiations, and related business issues)
- \$21k Target industry events and support (2 forums each x 3-4 industries x \$3k each)
- \$21k Campaign Plan (writer selection pending, integrates strategic plan / metrics / budget / staff resources)
- \$7k Sponsorships and promotional materials (formal BoS / EDA process under development)
- \$6k Business Retention problem-solving fund (issue forums, consultant, events, materials)
- \$5k New Economic Development & Tourism Committee (meetings, supplies, etc)
- \$1,195k** Based on EDA vision of becoming “**Best in the Commonwealth**”

# EDO JUSTIFICATION

## **EDA Strategic Plan aims for “Best in the Commonwealth”**

- EDA members allocated funding amounts to individual line items
- Strategic Plan + Campaign Plan + metrics rely on sustained funding
- BIG Program gaining momentum, 23 grants, average \$12k, goal of 20 more
- Target industries , County land, RACER, BRE, and prospects need more effort
- Websites, databases, maps, statistics, and project mgmt need improvement

## **Recruitment and retention activities deserve sophisticated effort**

- Incentives drive attraction, GM plant could require \$1mil GOF match
- Rt 1, Rt 2, Rt 3, Bowman, Thornburg, and Lake Anna ideas need coordination
- Quality and speed of customer service are in fact “incentives” !

## **Staff needs reinforcement to achieve metrics and meet competitive demands**

- Budget prep and follow-up is almost a year-round activity for Deputy Director
- Re-enactment prep / execution / follow-up is almost full-time job for Tourism Mgr
- Business attraction needs expansion beyond VEDP / FRA (weapons mfg, fed / mil, etc)
- Visitor Center(s) need revised strategy / operations / location / funding
- Director has worked in the office virtually every weekend for 2 years !

# HISTORY OF MAJOR PROJECTS

Date	Company	Nature of Business	Jobs	Incentive
Jan 1995	Jim Carpenter Company	Building material sales	40	\$600,000
Oct 1998	Breg International	Manufacturing	35	\$250,000
Dec 1998	Capital One - Bldg One	Bank call center	200	\$500,000
Nov 1999	AKA Printing & Mailing	Direct mail	50	\$200,000
Dec 1999	Capital One - Bldg Two	Bank call center	100	\$350,000
Jan 2000	Gallahans Furniture	Retail	30	\$200,000
Jul 2005	Gander Mountain	Retail	45	\$500,000
Sep 2006	GM Powertrain	Manufacturing	100	\$260,000
Aug 2006	Welford Engineering	Professional Services	25	\$60,000
Oct 2006	EOIR Technologies	Professional Services	190	\$40,000
May 2007	Davis Defense	Professional Services	40	\$25,000
Aug 2008	Creative Dimensions	Manufacturing	50	\$250,000
May 2011	Kaeser Compressors	Manufacturing	180	\$150,000
Jul 2011	HDT Engineering Services	Professional Services	20	\$100,000
Oct 2011	Career Training Solutions	Vo-Tech education	65	\$150,000
May 2013	Print Mail Communications	Direct mail advertising	80	\$218,000
Jul 2013	Davis Defense	Business services	70	\$104,400
Jul 2013	Knifecenter	Retail online	20	\$106,000
Jan 2014	new	Professional Services	36	\$161,000
		Average	72	<b>\$222,337</b>

# STAFF SUPPORT REQUEST

**\$138k** Ideally, with non-traditional flexibility to use via A-E below

- A. 10-15 main office and VC staff training / equipment / resources  
Research, statistics, documentation, graphics, factsheets, etc !
- B. 6-10 interns (research, economics, law, accounting, writing, apps, graphics, marketing), \$1k / semester  
Innovation, analysis, best practice monitoring, improve Dept output!
- C. 3-6 PT tech-savvy, problem-solving contractors, \$20k-\$40k each  
Technology, competition, websites, events, apps, accounting, tech writing !
- D. 2-3 FT locality-savvy “senior program managers”, \$40k-\$60k each  
Priority mgmt, complex issue resolution, find a way to say “yes” !
- E. 1-yr experimental on-call business-like *get-it-done* contractor (Stafford + Utilities)  
Fearless innovation / efficiency / effectiveness / ROI mgmt, cut backlog !
  - Daily / weekly pay-for-performance taskings (typically \$.5k - \$5k)
  - With or in lieu of A-D above, support BoS / EDA / CBRC / Comte / Dept
  - Subcontractors / suppliers as needed without cumbersome process
  - Recommendations on budgets, programs, priorities, performance metrics

Goals “Best in Commonwealth” per EDA strategic plan !

# STAFF SUPPORT JUSTIFICATION

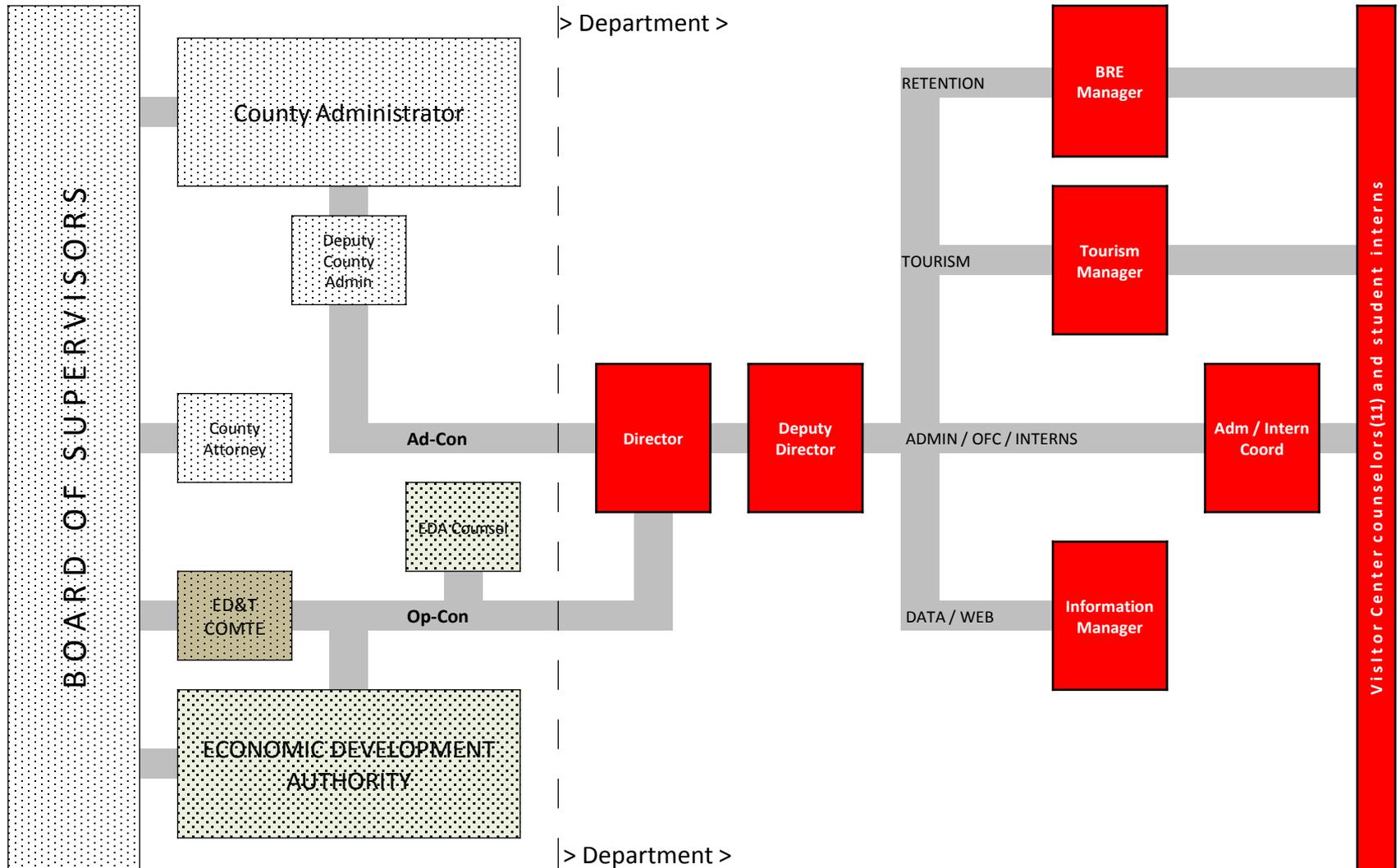
BoS / EDA asked what EDA needs EDA / Dept to be “Best in the Commonwealth” ?  
After 2 years of reorganization and hard work, EDA needs support to accelerate !  
Military span of control recommends **3-4** elements per “unit” !  
Not a **50-item** “to do” list, complex structure, intensive process, EDA<sup>2</sup> (4x2 vs 12x4)

- 1 FTE admin / interns / supplies / phones / equipment / files / EDA prep
- 1 FTE databases / events / website / factsheets / social media (PWC demographer)
- 1 FTE BRE visits, ribbon cuttings, roundtables, FredTech, no back-up
- 1 FTE re-enactment (8-9 mos), GFTP, hospitality council, Vis Ctr, no back-up
- 1 FTE budget (8-9 mos), EDA (qtrly to mo), doc's, prospects, business mgr
- 1 FTE BoS / EDA / targets / metrics / incentives, problem-solving, weekends
- 6** FTE's fully allocated, need cross-training / surge capacity, Dept is an anomaly

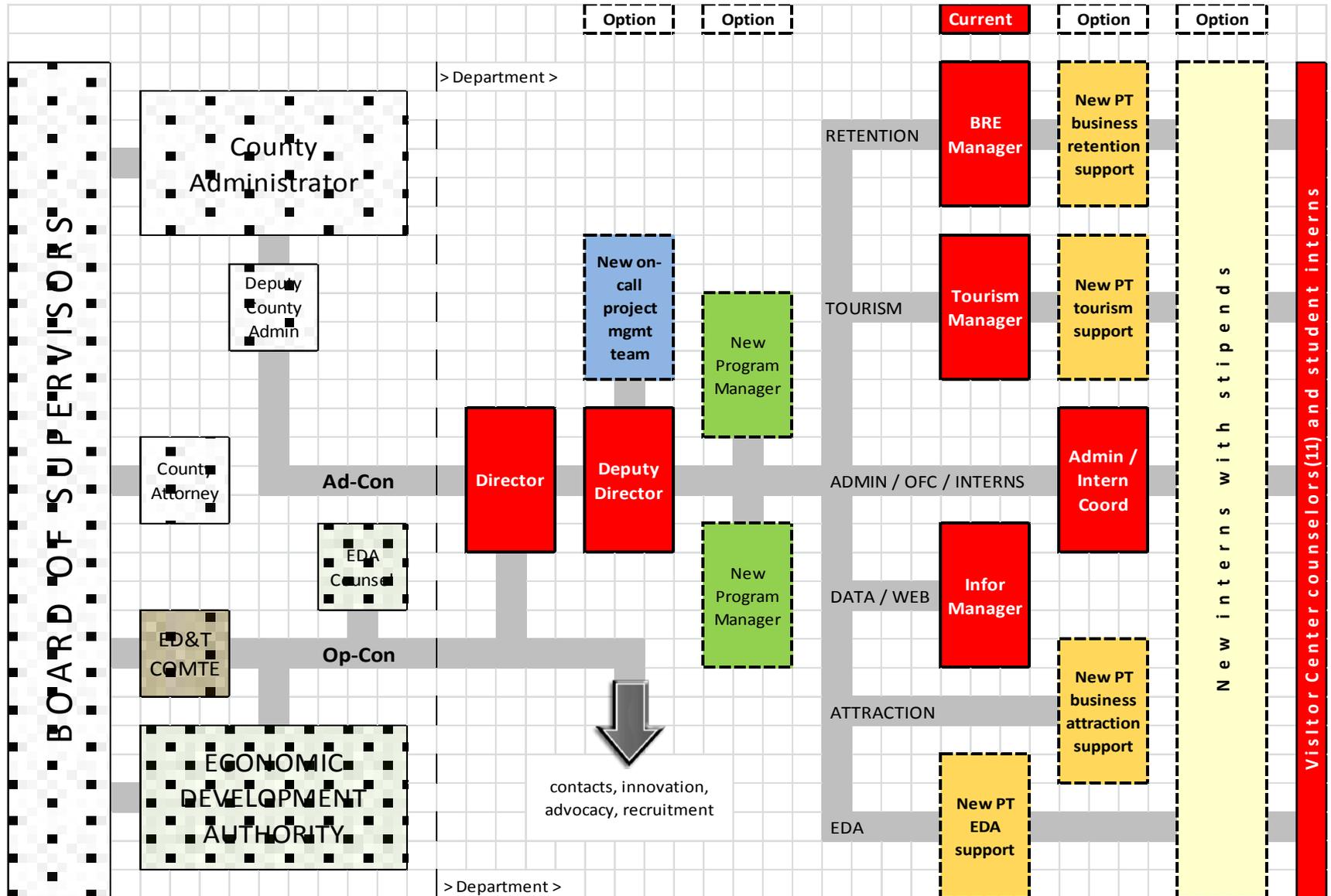
11 PT Visitor Center counselors, 1-2 days / wk, limited technology / training, remote

Need additional project mgmt (charting), technical writing, surge, rapid-response, research, accounting, real estate development, statistics, ROI, etc. Could outsource Facebook, Twitter, and other social media activities.

# CURRENT EDA / DEPT STRUCTURE



# STAFF SUPPORT OPTIONS



# EDO 7-YEAR HISTORY

	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010		FY 2011		FY 2012		7-year avg	
	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Rev	Bud	Act
<b>REVENUE</b>																
Local	\$145	\$211	\$151	\$224	\$177	\$273	\$261	\$158	\$168	\$108	\$76	\$60	\$81	\$81	\$151	\$159
Tran In	\$75	\$793	\$1,584	\$1,432	\$8	\$0	\$0	\$0	\$0	\$0	\$70	\$59	\$70	\$170		
Fund Bal	(\$15)	(\$785)	\$0	(\$1,086)	\$1,025	\$1,743	\$51	\$333	\$150	\$86	\$87	\$62	\$205	\$507		
<b>Total</b>	<b>\$205</b>	<b>\$220</b>	<b>\$1,734</b>	<b>\$571</b>	<b>\$1,210</b>	<b>\$2,016</b>	<b>\$313</b>	<b>\$491</b>	<b>\$318</b>	<b>\$194</b>	<b>\$233</b>	<b>\$181</b>	<b>\$355</b>	<b>\$757</b>	<b>\$624</b>	<b>\$633</b>
<b>EXPENDITURE</b>																
Econ Dev	\$144	\$158	\$1,678	\$509	\$125	\$180	\$253	\$429	\$258	\$132	\$173	\$119	\$296	\$698		
Debt Svc	\$62	\$62	\$56	\$62	\$61	\$62	\$60	\$62	\$60	\$62	\$60	\$62	\$60	\$60		
<b>Subtotal</b>	<b>\$205</b>	<b>\$220</b>	<b>\$2</b>	<b>\$571</b>	<b>\$185</b>	<b>\$241</b>	<b>\$313</b>	<b>\$491</b>	<b>\$318</b>	<b>\$194</b>	<b>\$233</b>	<b>\$181</b>	<b>\$355</b>	<b>\$757</b>	<b>\$201</b>	<b>\$379</b>
Trans Out	\$0	\$0	\$0	\$0	\$1,025	\$1,775	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
<b>Total</b>	<b>\$205</b>	<b>\$220</b>	<b>\$1,734</b>	<b>\$571</b>	<b>\$1,210</b>	<b>\$2,016</b>	<b>\$313</b>	<b>\$491</b>	<b>\$318</b>	<b>\$194</b>	<b>\$233</b>	<b>\$181</b>	<b>\$355</b>	<b>\$757</b>	<b>\$624</b>	<b>\$633</b>
<b>Note: Not included above are \$200k Mall incentive, \$157k BIG program, \$138k staff support, or \$108k FRA =</b>																<b>\$603</b>

Note all numbers represent thousands of dollars (\$000's)

**Comparable FY2015 request**

**\$1,236**

# SUMMARY

Spotsylvania's "IDA" was formed in the 1970's for industrial recruitment.

- ED&T Dept has supported the IDA / EDA for 24 yrs, under 6 Directors.
- Majority of EDO request is for business incentives
  - Existing commitments = \$357k
  - Anticipated FY'15 = \$200k
  - BIG program = \$157k.

ED&T Dept requires reinforcement in order to meet expectations

- Director reports to EDA per BoS action to strengthen collaboration
- Aggressive EDA agenda and revenue ideas exceed staff capacity

Current EDA has invested 2 years in reorganization and accelerated action

- Strategic Plan, Campaign Plan, performance metrics, intensive agendas
- 4 target industries, BIG program, "Best in the Commonwealth" goal
- Investment needed for efficient / effective implementation !