

ECONOMIC DEVELOPMENT

DESCRIPTION

The Economic Development Authority (EDA) was created as a political subdivision of the Commonwealth of Virginia and, as such, may issue tax exempt bonds for the purpose of promoting industry and developing trade, by inducing desirable businesses to locate or remain in the County. The bonds and notes financed by private lenders for approved projects do not constitute a debt of the Commonwealth, the County, or the Authority. The debts are repaid solely from the revenues and receipts derived from the projects.

In 1984, the Authority was designated as the official economic development organization for the County of Henrico, and was authorized to undertake those activities necessary to accomplish the County's economic development goals. Although the Authority is officially independent of the County, it works closely with the County government and receives support in the form of an annual operating subsidy. This budget includes that subsidy. Reimbursements for expenditures are subject to the same controls as other County departments.

OBJECTIVES

- To increase the number of successful locations of new businesses in Henrico County.
- To conduct a successful business retention program.
- To create employment opportunities and to increase the nonresidential tax base.
- To increase the number of corporate inquiries and prospect visits to Henrico County.
- To promote the retention and expansion of existing major primary corporate businesses.

FISCAL YEAR 2020 SUMMARY

Annual Fiscal Plan

| Description | FY18 Actual | FY19 Original | FY20 Proposed | Change 19 to 20 |
|-----------------------|----------------------|----------------------|----------------------|--------------------|
| Personnel | \$ 0 | \$ 0 | \$ 0 | 0.0% |
| Operation | 4,957,530 | 4,895,401 | 5,142,926 | 5.1% |
| Capital | 3,946 | 3,800 | 3,800 | 0.0% |
| Sub-Total | \$ 4,961,476 | \$ 4,899,201 | \$ 5,146,726 | 5.1% |
| Other Payments | 13,974,958 | 12,600,000 | 13,200,000 | 4.8% |
| Total Budget | <u>\$ 18,936,434</u> | <u>\$ 17,499,201</u> | <u>\$ 18,346,726</u> | <u>4.8%</u> |
| Personnel Complement* | N/A | N/A | N/A | N/A |

*Eight employees are supported by the County in this budget, but are not in the County's Complement.

Economic Development

PERFORMANCE MEASURES

| | FY18 | FY19 | FY20 | Change 19 to 20 |
|--|--------------|---------------|---------------|--------------------|
| Effectiveness Measures | | | | |
| Square Footage of New Businesses | 1,145,045 | 500,000 | 500,000 | 0 |
| Announced New Jobs Created | 433 | 500 | 500 | 0 |
| Payroll - New Businesses | 24,196,403 | \$ 22,000,000 | \$ 22,000,000 | 0 |
| Square Footage of Existing Businesses | 180,653 | 250,000 | 250,000 | 0 |
| Jobs Created - Expansions and Retentions | 239 | 300 | 300 | 0 |
| Payroll - Expansions and Retentions | \$ 7,723,749 | \$ 13,500,000 | \$ 13,500,000 | 0 |

BUDGET HIGHLIGHTS

The budget for the Economic Development Authority for FY2019-20 is \$18,346,726. This is an increase of \$847,525, or 4.8 percent, over the FY2018-19 approved budget. This budgetary growth is due to increases in the funding requirements for the Richmond Center Expansion Project and Richmond Region Tourism, as well as increases in the County's subsidy for the EDA's salary costs.

Since FY1997-98, the County's share of the Richmond Center Expansion Project (RCEP), funded with Hotel/Motel Tax revenues has been included in this budget. Beginning in FY2000-01, the entire 8.0 percent Hotel/Motel tax levy has been transferred to the Richmond Convention Center Authority. At the end of the fiscal year, Henrico's local 2.0 percent component is returned from the Convention Center. In FY2019-20, \$13,200,000 is included for the Richmond Center Expansion Project. This increase of \$600,000 or 4.8 percent, is in recognition of robust growth in the Hotel/Motel tax revenues that drive this expense. Henrico's annual contribution to Richmond Region Tourism, which is also tied to lodging tax receipts, is \$3,057,022 for FY2019-20. This is an increase of \$118,508, or 3.5 percent.

This budget for FY2019-20 also contains the County's \$385,000 contributions to the Greater Richmond Partnership. This figure is unchanged from the FY2018-19 approved budget.

The Authority's staff members are not included in the County's complement since they are paid by the Economic Development Authority. The funding for salary and FICA requirements for these positions is provided by the County. The benefit costs of all positions are provided by the Authority.

The expense classified as Other Payments, which is comprised of the payments to the RCEP, increased from \$12,600,000 to \$13,200,000 in recognition of the rapid growth in Lodging Tax receipts and the expense obligation they create.

Setting aside the contribution for the Greater Richmond Partnership and the increases for the RCEP and Richmond Region Tourism, the budget request for the operations of the Authority is up \$129,017, or 8.4 percent, above the FY2018-19 approved budget.

Economic Development

The following historical information is noted:

What follows is a table of Richmond Region Tourism (formerly RMCVB) funding budgeted in the previous eight fiscal years.

| | |
|-----------|-------------|
| FY2018-19 | \$2,938,514 |
| FY2017-18 | \$2,856,636 |
| FY2016-17 | \$2,636,200 |
| FY2015-16 | \$2,393,090 |
| FY2014-15 | \$2,378,050 |
| FY2013-14 | \$2,053,870 |
| FY2012-13 | \$2,053,870 |
| FY2011-12 | \$1,750,847 |

What follows is a table of funding budgeted for the Greater Richmond Partnership in the previous eight fiscal years.

| | |
|-----------|-----------|
| FY2018-19 | \$385,000 |
| FY2017-18 | \$385,000 |
| FY2016-17 | \$385,000 |
| FY2015-16 | \$385,000 |
| FY2014-15 | \$370,000 |
| FY2013-14 | \$320,000 |
| FY2012-13 | \$370,000 |
| FY2011-12 | \$370,000 |