

# ECONOMIC DEVELOPMENT

## Description

The Economic Development Authority 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.

- 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.

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.

## Budget Highlights

The proposed budget for the Economic Development Authority for FY2017-18 is \$16,747,273. This is an increase of \$1,145,354, or 7.3 percent, over the FY2016-17 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 the salary costs associated with the addition of a new Existing Business Representative position and a 2.5 percent wage scale adjustment. Additionally, the advertising account was increased by \$60,000 for sponsorship of the Dominion Charity Classic.

## Objectives

- To increase the number of successful locations of new businesses in Henrico County.
- To conduct a successful business retention program.

Since FY1997-98 the County's share of the Richmond Center Expansion Project, 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

## Annual Fiscal Plan

Description	FY16 Actual	FY17 Original	FY18 Proposed	Change 17 to 18
Personnel	\$ 0	\$ 0	\$ 0	0.0%
Operation	4,384,497	4,398,119	4,743,473	7.9%
Capital	3,136	3,800	3,800	0.0%
Sub-Total	\$ 4,387,633	\$ 4,401,919	\$ 4,747,273	7.8%
Other Payments	13,058,906	11,200,000	12,000,000	7.1%
Total Budget	<u>\$ 17,446,539</u>	<u>\$ 15,601,919</u>	<u>\$ 16,747,273</u>	<u>7.3%</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 (cont'd)

<b>Performance Measures</b>				
	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>Change 17 to 18</b>
<b>Effectiveness Measures</b>				
Square Footage of New Businesses	208,544	500,000	500,000	0
Announced New Jobs Created	163	500	500	0
Payroll - New Businesses	7,255,670	\$ 22,000,000	\$ 22,000,000	0
Square Footage of Existing Businesses	787,968	250,000	250,000	0
Jobs Created - Expansions and Retentions	1,690	300	300	0
Payroll - Expansions and Retentions	\$ 84,716,740	\$ 13,500,000	\$ 13,500,000	0

component is returned from the Authority. In FY2017-18, \$12,000,000 is included for the Richmond Center Expansion Project. This increase of \$800,000, or 7.1 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 \$2,856,636 for FY2017-18. This is an increase of \$220,436, or 8.4 percent.

This budget for FY2017-18 also contains the County's \$385,000 contributions to the Greater Richmond Partnership. This figure is unchanged from the FY2016-17 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.

Other payments, which is comprised of the Richmond Center Expansion Project, increased from \$11,200,000 to \$12,000,000 in recognition of the rapid growth in Lodging Tax receipts and the expense obligation they create.

Since the debt on the EDA building will be paid off before the beginning of FY2018, the funds previously allocated for that purpose will be moved into the line item that supports the salary costs of the EDA staff.

Additional funds have been added to support the Existing Business Representative position that was added during FY2016-17.

The following historical information is noted:

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

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 six fiscal years.

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



**Operating Line Item Budget By Cost Center**  
**Henrico County, Virginia**  
**FY2017-18**  
**ECONOMIC DEVELOPMENT**

Cost Center	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
<b>30001 Economic Development</b>					
50202 Accounting And Auditing Services	30,342	31,000	33,500	2,500	8.1%
50210 Maintenance and Repairs	4,194	500	500	0	0.0%
50211 Maintenance Service Contracts	22	400	400	0	0.0%
50221 Lease/Rent Of Buildings	96,304	100,004	0	-100,004	-100.0%
50240 Printing and Binding	603	0	0	0	0.0%
50250 Advertising	224,537	254,560	314,560	60,000	23.6%
50270 Other Contractual Services	743,417	791,586	951,508	159,922	20.2%
50285 Landscaping	83,392	83,319	73,819	-9,500	-11.4%
50400 Electric Services	27,749	28,214	28,214	0	0.0%
50402 Water Service	2,295	0	9,500	9,500	100.0%
50410 Postal Services	1,301	1,500	1,500	0	0.0%
50412 Telecommunications	5,698	6,948	6,948	0	0.0%
50430 Mileage	0	500	500	0	0.0%
50431 Education and Training	57,193	57,906	57,906	0	0.0%
50441 Payment To Other Civic/Community Organizations	16,150,996	14,221,200	15,241,636	1,020,436	7.2%
50450 Dues And Association Memberships	6,773	6,300	8,800	2,500	39.7%
50455 Tuition	0	250	250	0	0.0%
50500 Office Supplies	4,474	4,200	4,200	0	0.0%
50501 Food Supplies and Food Service Supplies	4,953	4,000	4,000	0	0.0%
50507 Gasoline	1,854	4,644	4,644	0	0.0%
50512 Books and Subscriptions	442	688	688	0	0.0%
50514 Other Operating Supplies	0	400	400	0	0.0%

<b>Cost Center</b>	<b>Prior Year Actual</b>	<b>Approved Budget</b>	<b>Proposed Budget</b>	<b>Dollar Inc/Dec</b>	<b>Percent Inc/Dec</b>
50813 Telecommunications Equipment-New Less Than \$5000	100	0	0	0	0.0%
50833 Telecommunications Equipment- Replacement Less Than \$5000	621	800	800	0	0.0%
50835 Computer Equipment-Replacement Less Than \$5000	2,415	3,000	3,000	0	0.0%
<b>Total Cost Center</b>	<b>17,449,675</b>	<b>15,601,919</b>	<b>16,747,273</b>	<b>1,145,354</b>	<b>7.3%</b>