

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.

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.

Budget Highlights

The proposed budget for the Economic Development Authority for FY2018-19 is \$17,499,201. This is an increase of \$751,928, or 4.5 percent, over the FY2017-18 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 Authority'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 Authority. In FY2018-19, \$12,600,000 is included for the Richmond Center Expansion Project. This increase of \$600,000, or 5.0 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 \$2,938,514 for FY2018-19. This is an increase of \$81,878, or 2.9 percent.

Annual Fiscal Plan

<u>Description</u>	<u>FY17 Actual</u>	<u>FY18 Original</u>	<u>FY19 Proposed</u>	<u>Change 18 to 19</u>
Personnel	\$ 0	\$ 0	\$ 0	0.0%
Operation	4,687,106	4,743,473	4,895,401	3.2%
Capital	3,198	3,800	3,800	0.0%
Sub-Total	\$ 4,690,304	\$ 4,747,273	\$ 4,899,201	3.2%
Other Payments	13,433,169	12,000,000	12,600,000	5.0%
Total Budget	<u>\$ 18,123,473</u>	<u>\$ 16,747,273</u>	<u>\$ 17,499,201</u>	<u>4.5%</u>
Personnel Complement*	N/A	N/A	N/A	N/A

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

Economic Development (cont'd)

Performance Measures				
	FY17	FY18	FY19	Change 18 to 19
Effectiveness Measures				
Square Footage of New Businesses	81,897	500,000	500,000	0
Announced New Businesses	7	14	14	0
Announced New Jobs Created	173	500	500	0
Payroll - New Businesses	9,084,178	\$ 22,000,000	\$ 22,000,000	0
Square Footage of Existing Businesses	337,324	250,000	250,000	0
Business Expansions/Retentions	11	10	10	0
Jobs Created - Expansions and Retentions	438	300	300	0
Payroll - Expansions and Retentions	\$ 21,257,039	\$ 13,500,000	\$ 13,500,000	0

This budget for FY2018-19 also contains the County's \$385,000 contributions to the Greater Richmond Partnership. This figure is unchanged from the FY2017-18 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 \$12,000,000 to \$12,600,000 in recognition of the rapid growth in Lodging Tax receipts and the expense obligation they create.

A total of \$50,000 was added to this budget to support the GO Virginia regional economic development initiative, which promotes private sector business growth through regional collaboration. This funding will provide Henrico's share for any regional projects approved by the GO Virginia Board

Setting aside the increases for the Go Virginia initiative, RCEP, and Richmond Region Tourism, the budget proposal for the operations of the Authority is up \$20,050, or 2.1 percent, above the FY2017-18 Approved Budget.

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.

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 six fiscal years.

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



**Department Operating Budget
Henrico County, Virginia
FY2018-19
ECONOMIC DEVELOPMENT**

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50202 Accounting And Auditing Services	30,572	33,500	33,500	0	0.0%
50210 Maintenance and Repairs	2,368	500	500	0	0.0%
50211 Maintenance Service Contracts	0	400	400	0	0.0%
50221 Lease/Rent Of Buildings	74,320	0	0	0	0.0%
50250 Advertising	329,168	314,560	314,560	0	0.0%
50270 Other Contractual Services	800,515	951,508	971,558	20,050	2.1%
50285 Landscaping	94,853	73,819	73,819	0	0.0%
50400 Electric Services	29,872	28,214	28,214	0	0.0%
50402 Water Service	6,995	9,500	9,500	0	0.0%
50403 Sewer Service	104	0	0	0	0.0%
50410 Postal Services	388	1,500	1,500	0	0.0%
50412 Telecommunications	6,657	6,948	6,948	0	0.0%
50430 Mileage	0	500	500	0	0.0%
50431 Education and Training	61,312	57,906	57,906	0	0.0%
50441 Payment To Other Civic/Community Organizations	16,664,368	15,241,636	15,973,514	731,878	4.8%
50450 Dues And Association Memberships	5,760	8,800	8,800	0	0.0%
50455 Tuition	0	250	250	0	0.0%
50500 Office Supplies	4,321	4,200	4,200	0	0.0%
50501 Food Supplies and Food Service Supplies	6,543	4,000	4,000	0	0.0%
50507 Gasoline	2,037	4,644	4,644	0	0.0%
50512 Books and Subscriptions	122	688	688	0	0.0%
50514 Other Operating Supplies	0	400	400	0	0.0%
50813 Telecommunications Equipment-New Less Than \$5000	100	0	0	0	0.0%
50833 Telecommunications Equipment- Replacement Less Than \$5000	300	800	800	0	0.0%
50835 Computer Equipment-Replacement Less Than \$5000	2,798	3,000	3,000	0	0.0%
Total Department	18,123,473	16,747,273	17,499,201	751,928	4.5%