

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

	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>Change 19 to 20</u>
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 proposed 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



**Department Operating Budget
Henrico County, Virginia
FY2019-20
ECONOMIC DEVELOPMENT**

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50202 Accounting And Auditing Services	30,760	33,500	33,500	0	0.0%
50209 Other Professional Services	2,813	0	0	0	0.0%
50210 Maintenance and Repairs	0	500	500	0	0.0%
50211 Maintenance Service Contracts	0	400	400	0	0.0%
50250 Advertising	325,941	314,560	314,560	0	0.0%
50270 Other Contractual Services	951,508	971,558	1,081,175	109,617	11.3%
50285 Landscaping	92,921	73,819	93,219	19,400	26.3%
50400 Electric Services	30,591	28,214	28,214	0	0.0%
50402 Water Service	765	9,500	9,500	0	0.0%
50410 Postal Services	2,059	1,500	1,500	0	0.0%
50412 Telecommunications	6,334	6,948	6,948	0	0.0%
50430 Mileage	0	500	500	0	0.0%
50431 Education and Training	51,305	57,906	57,906	0	0.0%
50441 Payment To Other Civic/Community Organizations	17,416,594	15,973,514	16,692,022	718,508	4.5%
50450 Dues And Association Memberships	6,800	8,800	8,800	0	0.0%
50455 Tuition	0	250	250	0	0.0%
50500 Office Supplies	5,545	4,200	4,200	0	0.0%
50501 Food Supplies and Food Service Supplies	6,149	4,000	4,000	0	0.0%
50507 Gasoline	2,232	4,644	4,644	0	0.0%
50512 Books and Subscriptions	171	688	688	0	0.0%
50514 Other Operating Supplies	0	400	400	0	0.0%
50833 Telecommunications Equipment- Replacement Less Than \$5000	250	800	800	0	0.0%
50835 Computer Equipment- Replacement Less Than \$5000	3,696	3,000	3,000	0	0.0%
Total Department	18,936,434	17,499,201	18,346,726	847,525	4.8%