

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 EDA projects.

The Authority was designated as the official economic development organization for the County of Henrico in 1984. At that time, it 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 2024 SUMMARY

Annual Fiscal Plan				
Description	FY22 Actual	FY23 Original	FY24 Proposed	Change 23 to 24
Personnel	\$ 0	\$ 0	\$ 0	0.0%
Operation	19,790,107	18,584,899	24,922,539	34.1%
Capital	150	800	5,000	525.0%
Total Budget	\$ 19,790,257	\$ 18,585,699	\$ 24,927,539	34.1%
Personnel Complement ⁽¹⁾	N/A	N/A	N/A	N/A

⁽¹⁾ Nine employees are supported by the County in this budget, but are not in the County's complement

Economic Development

PERFORMANCE MEASURES

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>Change 23 to 24</u>
Effectiveness Measures				
Square Footage of Businesses	1,200,000	1,500,000	775,000	(725,000)
Jobs Created and Retained	1,271	452	700	248
Wages Paid	\$ 81,000,000	\$ 28,047,000	\$ 33,000,000	4,953,000
Investment	\$ 264,000,000	\$ 160,000,000	\$ 120,000,000	(40,000,000)

BUDGET HIGHLIGHTS

The proposed budget for the Economic Development Authority for FY24 is \$24,927,539. This is an increase of \$6,341,840, or 34.1%, over the FY23 approved budget. The Authority's administrative operations and capital increased by \$112,191. The passthrough portion of this budget increased by \$6,229,649. This represents a \$4,750,000 increase in funding for the Richmond Center Expansion Project (RCEP), as well as a \$1,479,649 increase in the funding requirement for Richmond Region Tourism (RRT).

Since FY98, the county's share of the RCEP, funded with Hotel/Motel Tax revenues has been included in this budget. Beginning in FY01, the entire 8.0% Hotel/Motel tax levy has been transferred to the Greater 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 FY24, Hotel/Motel Tax collections of \$18,750,000 are projected. This includes a proposed additional 2.0% tax on hotel rooms to support RRT's anticipated approval of a new Tourism Improvement District. This is a \$4,750,000 increase from the FY23 approved budget as noted above. Henrico's annual contribution to RRT is \$3,620,391 for FY24. This is an increase of \$1,479,649.

The request for FY24 also contains the county's \$385,000 contributions to the Greater Richmond Partnership. This is consistent with FY23 funding. This portion of the EDA budget also contains \$50,000 for the GO Virginia initiative.

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.

Setting aside the contributions for the Greater Richmond Partnership, the RCEP, and RRT, the budget request for the administrative operations and capital of the Authority is up \$112,191, above the FY23 approved budget. The increase reflects elevated salary and benefits costs, heightened telecommunications charges, and the replacement of outdated technology.

Economic Development

The following historical information is noted:

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

Year	Richmond Region Tourism	Greater Richmond Partnership
FY23	\$2,575,742	\$385,000
FY22	\$2,652,097	\$385,000
FY21	\$2,972,022	\$270,000
FY20	\$3,057,022	\$385,000
FY19	\$2,938,514	\$385,000
FY18	\$2,856,636	\$385,000
FY17	\$2,636,200	\$385,000
FY16	\$2,393,090	\$385,000
FY15	\$2,378,050	\$370,000
FY14	\$2,053,870	\$320,000



**Department Operating Budget
Henrico County, Virginia
FY2023-24
ECONOMIC DEVELOPMENT**

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50250 Advertising	53	0	0	0	0.0%
50270 Other Contractual Services	1,678,559	1,996,565	2,101,504	104,939	5.3%
50410 Postal Services	927	1,500	1,500	0	0.0%
50412 Telecommunications	8,020	6,948	10,000	3,052	43.9%
50441 Payment To Other Civic/Community Organizations	18,101,071	16,575,742	22,805,391	6,229,649	37.6%
50459 Other Charges Miscellaneous	64	0	0	0	0.0%
50500 Office Supplies	14	0	0	0	0.0%
50507 Gasoline	1,399	4,144	4,144	0	0.0%
50833 Telecommunications Equipment – Replacement Less Than \$10,000	150	800	5,000	4,200	525.0%
Total Department	19,790,257	18,585,699	24,927,539	6,341,840	34.1%