

# 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 FY2009-10 approved budget for Henrico County's Economic Development Authority is \$13,256,265. This is a 7.4 percent increase over the FY2008-09 approved budget. The vast majority of this budgetary growth stems from higher pass-through funding expenses. The County's payment for the operating expenses of the Authority in FY2009-10 is budgeted to grow by 2.5 percent above the levels of FY2008-09. Capital outlay of \$7,739 is for furnishings, as well as telecommunications and computer equipment.

In addition to supporting the daily operations of Henrico's economic development activities, this budget for FY2009-10, contains \$1,945,101 for the Richmond Metropolitan Convention and Visitor's Bureau (RMCVB). The RMCVB is the primary marketer attracting conventions and other forms of

## Annual Fiscal Plan

<u>Description</u>	<u>FY08 Actual</u>	<u>FY09 Original</u>	<u>FY10 Approved</u>	<u>Change 09 to 10</u>
Personnel	\$ 0	\$ 0	\$ 0	0.0%
Operation	3,942,522	3,421,644	3,509,035	2.6%
Capital	670	7,739	7,739	0.0%
Sub-Total	\$ 3,943,192	\$ 3,429,383	\$ 3,516,774	2.5%
Other Payments	11,136,503	8,917,150	9,739,491	9.2%
Total	<u>\$ 15,079,695</u>	<u>\$ 12,346,533</u>	<u>\$ 13,256,265</u>	<u>7.4%</u>
Personnel Complement*	N/A	N/A	N/A	N/A

\* Six 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>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>Change 09 to 10</b>
<b>Workload Measures</b>				
Prospects Available	95	95	95	0
Retention Calls Made	690	690	650	(40)
<b>Effectiveness Measures</b>				
Successful Prospects	38	30	38	8

tourism to the Richmond Region. The County’s \$370,000 share of contributions to the Greater Richmond Partnership and funding of \$10,000 for the Virginia High Speed Rail Development Committee are also included in the budget for FY2009-10.

The Authority’s six staff members are not included in the County’s complement since they are paid by the Economic Development Authority with funds provided by the County. The subsidy to fund salaries and benefits for the Authority’s personnel decreased by \$32,605, or 5.2 percent. The decrease in these costs is attributed to staff turnover.

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 is transferred to the Richmond Convention Authority. At the end of the fiscal year, Henrico’s local 2.0 percent component is returned from the Authority. In FY2009-10, \$9,200,000 is included for the Richmond Center Expansion Project. This reflects an increase of \$834,500, or 10.0 percent when compared to the FY2008-09 approved budget. In addition, \$539,491 is budgeted as a payment to the Department of Public Utilities as a loan expense.