Subject: AED Programs, Services, Tools and Partnerships
Related Department: AED

FY 2026 Proposed Budget
Budget Work Session Follow-up

4/3/2025

The following information is provided in response questions sent by email from Ms. Cunningham on March 26, *2025*.

Please provide the following information regarding AED programs, services, tools, and partnerships questions below.

****

1. **BizLaunch**. What is total investment to date and return on investment (ROI)? How would that change if we decreased/increased by 50%?

Response: The County Board has approved $250,000 annually for BizLaunch programming over the past two fiscal years. These funds have primarily been used to support two programs: ReLaunch and Open Rewards.

Through ReLaunch, BizLaunch clients access third-party business consulting support and technical assistance. Since its inception, the program has served 339 Arlington small businesses primarily from within the food services, consulting, retail and professional services industries. While guidance and technical assistance is tailored to an individual business's needs, primary areas addressed by the ReLaunch consultants includes marketing and branding, financial management, digital, and strategic planning.

ReLaunch clients reported the following after engaging in the program:

- 93% of clients stated ReLaunch was beneficial to their business
- 95% of ReLaunch clients would recommend the program
- 94% stated the program was easy to complete
- 96% overall satisfaction with working with consultant
- 97% stated they were satisfied with the outcome of work accomplished, materials provided and/or needs being met

Open Rewards encourages spending in local businesses by offering shoppers discounts at participating business locations. Through an investment of approximately $15,000, over 1,500 Open Rewards participants have driven a total economic impact of $382,952 in over 1,000 local shops. The program's success has encouraged the creation of partnerships with the Columbia Pike Partnership, National Landing BID and Rosslyn BID.

AED would look to scale up funding for ReLaunch and Open Rewards should additional dollars become available in FY 2026. Conversely, the department would have to scale back both programs if funding for BizLaunch was reduced below the amount proposed in the County Manager's budget.

2. **Economic Development Tools/Incentives**. A new investment of $750,000 is proposed. What are the specific goals for this investment, what is expected outcome and return on investment? What impact if not funded, reduced by 50% or increased by 50%? Is this anticipated to be one time or ongoing?

Response: Slides 9-15 of the work session presentation include details on how AED would allocate the $750,000 of one-time funding, and AED staff responded verbally to the question about how programming would be scaled if the budget were to increase or decrease.

3. **Arlington Innovation Fund**. What is total investment to date and ROI?

Response:

- Total Investment - $1,250,000
  - FY 2024 - $1,000,000
    - Catalyst Grants - $456,000
    - Ecosystem Support - $544,000
  - FY 2025 - $250,000
    - Ecosystem Support only

- Outcomes
  - Catalyst Grants
    - Nine companies received grants between $25,000 and $50,000, and all remain in operation as of their last reporting
    - Five companies have provided their 1-year reporting, while remaining four companies have provided their 6-month reporting
      - Total of 36 full-time and 32 part-time jobs created
      - Total of 1,950 SF leased in coworking facilities
      - Total of $21,545,000 in follow-on venture funding invested into the companies to fuel further growth
  - Ecosystem Support
    - Hosted and/or sponsored 65+ events with a total of 3,800 attendees
      - Events focused on supporting underrepresented founders, connecting startups to investors, increasing awareness of Arlington startups, and technical skill-building.
    - Beyond events, the Ecosystem Support funding was used for these notable programs:
      - Starburst's National Landing Launchpad

    - AED attracted Starburst, a global leader in aerospace & defense innovation, to open a hub in National Landing that includes accelerator cohorts of ~10 leading startups. Participating startups will grow their business and potentially open offices in Arlington.
    - The initial cohort begins in June 2025.
- Unstuck Labs
    - AED supported the post-pandemic relaunch of Unstuck Lab's Startup Studio in Rosslyn where the company leases 2,061 SF and hosts weekly trainings for entrepreneurs.
- National Landing Innovation District
    - AED collaborated with Alexandria Economic Development Partnership and National Landing BID to complete an initial scoping study to advance the innovation district concept.
    - The parties are beginning the second phase of work in April.

4. **Green Valley Economic Development** pilot was funded at $80,000 in FY 2025 and is not proposed in FY 2026. What were the goals, activities, expenditures and outcomes for this pilot?

Response: This question was answered during the work session regarding the Board Chair efforts with initial outreach last year to the Green Valley neighborhood. The $80,000 in one-time funding provided in FY 2025 for the Green Valley Neighborhood Partnership Initiative Pilot to support and catalyze positive social and economic development in this neighborhood currently remains unutilized pending further clarification on the direction of the pilot from the County Board and more conversations needed with the neighborhood.

5. How does this team (REDG) interface with **CPHD**? How do proposed shifts in staffing in CPHD in this budget impact this team?

Response: AED and CPHD coordinate on all matters of land use policy and implementation. The Commercial Market Resiliency Initiative (CMRI) is a specific effort to organize and formalize AED-CPHD work streams related to addressing challenges in the office market. To date, this partnership has resulted in significant land use policy and regulation reform.

Generating new policies and regulations is staff time intensive. Therefore, the AED and CPHD leadership teams meet regularly to consider and coordinate on work plans and resource needs, always working in collaboration. Currently, additional staff and budget resources are not required to fulfill the work plan for FY 2026. Resource needs in future years will be reviewed as part of the annual budget and CPHD work planning process.

Subject: AED Programs, Services, Tools and Partnerships

6. In last year's budget response (**HERE**), AED noted external consulting dollars of ~$50,000 would be needed to evaluate the long-term goals and outcomes for the Partnerships. Would this work still be outsourced if completed in the coming year, or is there on-staff capacity to complete it?

Response: Yes, this study still requires external consultant support due to a lack of staff capacity.

7. What is the estimated ROI for **Board of Trade and Sister Cities** investments?

Response: AED does not track ROI metrics for either of these activities.
The Greater Washington Board of Trade (GWBOT) annual membership is a business development tool regularly used by staff to attend GWBOT hosted meetings and events where they can engage with business executives from Arlington and across the region. Arlington County Sister Cities Association (ASCA) works to enhance and promote Arlington's international profile and foster productive exchanges through its established sister city partnerships in education, commerce, culture and the arts through a series of activities such as youth exchanges, professional exchanges between local governments, and other educational programs. AED staff have participated in sister city events to promote cultural and commercial ties.

8. **Hotels** have shown steady recovery since the pandemic. What more can we do to support them? What budget impact?

Response: Although Arlington hotels were nearing full recovery from the pandemic in late 2024, since February, they are reporting major revenue drops due to Federal cuts resulting in cancellations of government meetings and business travel, contractor travel, related association meetings, and international visitation. In a March 26 Hotel Leadership Roundtable, participants recommended that ACVS shift the focus of tourism sales and marketing efforts toward alternative target markets (leisure, social, education, religious, etc.) as well as to funded Federal agencies and large meetings/events from competitive markets.

As highlighted on Slide 25 of the work session presentation, the establishment of an Arlington Tourism Improvement District (TID), a public-private partnership between the Arlington hotel community and the County government, would provide dedicated funding (paid by hotel guests through a fee) to strengthen ACVS's tourism sales and marketing efforts and drive additional overnight hotel stays and revenues. This initiative seeks to replicate the success ACVS had with the recent *All in Arlington* campaign which was funded using federal dollars. If approved, the TID would be funded up to $5.1M annually, which ACVS staff is confident would allow for significant positive increases in hotel room nights which translates into higher revenue for hotel operators and increased local tax revenue.

9. The proposed elimination of the $134,000 **arts specialist position** seems at odds with maximizing use, placemaking, and fee revenue for this new capital investment (CAD Campus). What alternatives have been explored? Sponsorships? If ongoing staffing is not feasible, can AED identify a way to manage insurance and training for partner organizations to staff extended hours?

Response: Upon the incumbent's retirement, AED will backfill the Arts Enterprise Specialist position with temporary staffing through FY 2026 using one-time funding. Beyond FY 2026, the department will have to explore alternative staffing models if funding for the Arts Enterprise Specialist is not restored.

10. The **Art truck** is well-loved by community members and arts partner organizations. At 35 pop-ups and $25,000 total cost, this seems to be one of our more visible and low cost per participant programs. What alternatives have been considered for continuing this program, either in AED or through a non-profit partner? Have sponsorships been explored? Would an ART cargo bike program be more financially sustainable?

Response: The FY 2026 budget for the Art Truck program is approximately $207,000. This includes the cost of the truck, program expenses, one full-time position, and one part-time temp staff. The recommendation to discontinue the program was made so AED can prioritize curating programming at the new temporary outdoor arts space located at the Cultural Affairs Campus at 3700 Four Mile Run. The budget reduction represents the elimination of funding for vehicle expenses and a slight reduction to the programming budget. The staff assigned to the Art Truck and the remaining programming funds will be reassigned to curate programming at the new outdoor temporary art space.

11. New **fee structure for facility use** – presentation notes 50% will pay more and 50% will pay less. Please provide more detail on which types of organizations and how much more? Also, will fee waivers or scholarship assistance be available, for short-term phase in or longer term?

Response: AED staff analyzed 2024 facility usage data by performing arts and cultural groups and revenue from the 10% Surcharge Fee on Ticket Sales to estimate the financial impact of the proposed fee on arts and cultural groups. The impact analysis only included groups who utilized Cultural Affairs and Joint Use Facilities in 2024.
AED staff is not recommending fee waivers or scholarships for any groups. As discussed at the work session, the purpose of the new fee is to recover costs for AED staff which will help the department address an ongoing gap between the budget for temp staffing and actual expenses. This fee is being suggested following the successful implementation of several other measures to control staffing costs. Due to their intensive use of the theaters, theater groups will pay more while music, dance, and heritage groups, who use the theaters less often, will pay less.