



Legislative Agenda 2014

**Alexandria Chamber of Commerce
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PREFACE

The Alexandria Chamber of Commerce represents nearly 800 members from the business community, comprising a majority of employees who are also Alexandria residents. Understanding the role that a healthy business environment contributes to the quality of life in the City, the Chamber seeks to cooperate with the City’s elected officials, staff and its citizens, as well as other business organizations to promote an active, vigorous and economically sustainable business environment. To create a viable community, it is important for the City to nurture established businesses and promote new business opportunities through balanced development of office, hospitality, cultural, and residential uses. Despite a slow recovery to a historically deep economic recession, the Chamber is hopeful that City Council will promote a path of sustainable growth in Alexandria that benefits all of its citizens.

The following provides a framework for our commitment to advocating for business on current and prospective policy or issues that may come before the Alexandria City Council, the Virginia General Assembly, or the United States Congress in 2014. These positions have been reviewed and approved by the Chamber’s Government Relations Committee, the Executive Committee and the Board of Directors. The Chamber will release more detailed position statements on these and other issues during the course of the year.

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I. LOCAL

1. Business and Business Districts

Alexandria has a diverse and active business community. In addition to the retail sector, important commercial office, government, and hospitality sectors add vitality to the daily life of the City. All business sectors contribute to our economic health and sustainability.

While the City has made progress in competing for new public and private sector enterprises through marketing and other measures, it still lags behind its neighboring jurisdictions in attracting and maintaining quality regional businesses. In our view, the City is just beginning to make a commitment to offer meaningful economic incentives necessary – such as the case with the National Science Foundation - to entice new high-profile, blue-chip businesses and government agencies seeking to relocate in this region.

Taking a holistic view of the City as an economic entity, there are several business districts and nodes, including: King Street, Del Ray, Potomac Yard, Carlyle, Eisenhower East and West, Van Dorn/Landmark/Duke Street, Beauregard, and Arlandria – all located in different parts of the City and serving diverse populations. Some business districts are synonymous with neighborhoods having a unique identity. All current and future business districts have their own potential to contribute to Alexandria’s economic base and cultural distinctiveness.

Notably, the potential impact of the National Science Foundation on the future of the Carlyle and Eisenhower area cannot be understated. The City has the opportunity to leverage this high profile tenant and re-brand this district to attract related private and public sector businesses.

Many consider the Old and Historic District and its “Main Street”, King Street, the heart of Alexandria. This street contributes to Alexandria’s cachet throughout the world, as acknowledged by the awards and recognition it has received in the past few years. It serves our citizens and attracts tourists to our city. When Old Town is thriving, there is a perception that Alexandria is thriving. For this reason, the King Street district is a symbol of the overall economic well-being of the City. Similarly, other business districts are indicators of the health of their neighborhoods, and the health of the City as a whole, and these districts should be encouraged to build on their unique characteristics and attractions.

Reinforcing the established business districts and creating new business districts builds a foundation for a sustainable economy. In planning and supporting business districts, the City should consider the variety of customers for services, including visitors, residents, and office workers. The City must also examine the reasons businesses elect to locate in other, more business-friendly jurisdictions and why there is the perception that it takes longer to open a business in Alexandria than elsewhere in the region.

To realize its full potential, the City should maximize the range of opportunities and minimize barriers to establishing a business. The recently enabled “Business Tax Reform Committee” is a step in the right direction in examining measures to improve the City’s perceived “business unfriendly” reputation. However, this effort must be expanded to include issues other than tax reform such as communicating and publicizing how the City is the best place to do business. In addition, the City must make a commitment to controlling the expanding number of administrative and procedural requirements that City Departments impose on businesses and developers.

Position on Business and Business Districts:

The Chamber advocates for economic growth through strengthening and expanding commerce, and it supports visionary development of the City's major business districts into viable, business-friendly, revenue generating areas that serve residents, office workers, tourists and visitors. Specifically we:

- *Encourage the City to create a ten-year strategic business development plan with measurable goals and appropriate funding;*
- *Encourage the City to create a business-friendly environment through favorable tax and development incentives, and communicate to the greater Washington area that it is a desirable location;*
- *Support the rights of business owners to lawfully operate their commercial enterprises. Businesses should not be endangered by over-burdensome regulations, the expansion of bureaucratic procedures, and after-the-fact legislation;*
- *Request that the City continue to remove administrative barriers and simplify the process for approvals and licenses for both new and existing businesses;*
- *Undertake a thorough department-by-department review with the objective to simplify and/or eliminate archaic and unnecessary requirements;*
- *Require any new administrative procedures or requirements by departments be vetted thorough examination of the cost (to the City and its businesses) and benefit;*
- *Request the City to integrate specific and measurable business development objectives in all Small Area Plans;*
- *Encourage the City to focus transportation priorities on their ability to generate business and economic growth;*
- *Encourage the City to aggressively support and fund growth of the business community through continued investment in such organizations as the AEDP, ACVA and SBDC, and;*
- *Support the rights of business owners, on a localized basis, to work cooperatively to improve services to, and the promotion of, their distinct commercial districts through business improvement districts (BIDs) or other methods. Where such consensus exists within a commercial district, the Chamber supports the creation and operation of BIDs.*

2. Development, Development Corridors, and Area Plans

Appropriate and sustainable growth is the life-blood of any city. Recognizing Alexandria is largely an urban community with a long history, the challenge is to respect the history and character of Alexandria while taking bold steps to improve and grow the City in the context of the region. Respecting and preserving our history should not serve as a means to stagnate our present and diminish our future.

The opportunities for “smart” and economically sustainable growth are twofold: 1) maximizing density and mixed-use development around existing and future Metro Station sites and transportation corridors; and, 2) focusing on low impact, walkable, development in all locations. Developing properties around Metro stations is crucial to decreasing automobile traffic, increasing the City's commercial tax base, attracting a quality workforce, and reducing the City's environmental footprint. Increasing density affords developers the critical mass necessary to incorporate more amenities and public-oriented spaces. By locating high density mixed-use development near Metro stations and other public transportation hubs developed in conjunction with the City's Transportation Plan, access to public transit will be more convenient and desirable for more people. Further, all means should be explored to permit development of Class A commercial buildings with a sufficiently large floor plate

and total square footage to attract larger businesses. Together, these strategies will position Alexandria to more easily recruit Class A office tenants and further rebalance the tax base between commercial and residential property, while achieving ideal live-work centers of activity focused near public transportation.

In all cases, a primary consideration should be to encourage developing vibrant, contemporary and livable urban places that will attract the emerging generations of the population seeking active, engaging, and transportation-oriented communities. Most of the adopted Small Area Plans have not maximized their potential density, which will eventually lead to less revenue and a stress on services. It is important that existing and future Small Area Plans be flexible and revised when necessary to maximize commercial development in the appropriate locations.

The City's role in attracting and maintaining quality, tax-paying business cannot be understated, not only because they generate income and provide jobs for the City, but more importantly because they attract other quality business. Our neighboring jurisdictions vigorously compete for quality tenants using all of the successful tools of business development and public relations, as well as financial incentives. Further, the City must understand that it cannot be all things to all prospective businesses, and must identify the profile of the types of business we want to attract. For this reason, and to the fullest extent possible, prime development sites should not be sold to the Federal government, which removes the real estate from the City's tax base. Given the current trend to downsize Federal Government agencies, the City needs to partner with private land owners and their respective tenants to incentivize development, as was the case with the National Science Foundation. There are available and planned sites in the City with the potential to attract public sector lease tenants as well as private tenants.

For a variety of reasons, there has been little or no commercial development in the past five to ten years, while residential projects are continuing to be developed. Further, some projects that originally contained mixed use have been re-planned for primarily residential use. This undesirable trend leads to an imbalance of uses that cannot sustain the cost of services to support them. It is vitally important to create live/work communities and resist the lure of overbuilding residential.

The Chamber recognizes the need for creative solutions to finance the infrastructure to leverage development, such as transportation and amenities; however, such financing structures must be fair and able to bring long-term financial benefit to the residents and businesses in the development corridors.

Potomac Yard - The Chamber recognizes the positive policy decisions the City has made to set the stage for transit-oriented development at Potomac Yard. We recognize the cost of a new Metro Station will challenge the City's resources in the short run. However, the public amenities and positive revenue benefit to the City contained in the small area plan can only be realized in conjunction with developing the full potential of the plan that can only be realized by the new Metro Station.

Old Town Waterfront – With adoption of the Waterfront Small Area Plan, together with the favorable resolution of litigation, we now have the framework to make improvements to the infrastructure, develop new amenities, and move forward with a balanced development of our historic waterfront. While we believe there were missed opportunities to obtain a higher economic potential for this area, the appropriate focus for the City and its citizens is to support the implementation of the plan. This includes partnering with applicants and eliminating unnecessary overlapping and repetitive planning reviews and citizen-based committees. The Chamber appreciates

the importance of such citizen involvement, but believes the City's desire to reach a consensus through such processes is burdensome, costly, and inevitably produces a result that is diluted and unconvincing.

GenOn (North Old Town) - The GenOn plant closed operations in October of 2012 and is now completing a long "decommissioning" process. The Department of Planning and Zoning has indicated that pre-planning and subsequent master planning of this area will begin soon. Clearly, this is an important future development, and one that will involve substantial public and private participation. The Chamber will monitor the City's pre-planning activities and advocate for being represented at all levels of the process.

Beauregard Area - The Department of Defense's ("DoD") facility at Mark Center (BRAC 133) is now mostly occupied. While the direst predictions of the negative impacts of BRAC have not been realized, there is continued concern about how this facility can be integrated with the adopted Beauregard Small Area Plan and make a positive contribution to the West End.

In conjunction with planned development in the West End, the need exists for new and improved modes of transportation with an emphasis on linking to a regional system with Arlington and Fairfax, as well as with the Van Dorn Metro and planned transportation for the Duke Street corridor. The Chamber understands that transportation and development can have both positive and negative impacts on existing communities, but believes a planned approach that can vastly reduce the reliance on the automobile is essential to the City. Full implementation of the plan will enhance property values due to its regional location and potential to provide quality amenities and services.

Landmark/Van Dorn/Duke Street - The City has approved the concept for partial redevelopment of Landmark. While the proposed development plan is less dense and more residential than ideal, this major development can jump-start the implementation of the Landmark/Van Dorn Small Area Plan. The Chamber urges the City to continue working in partnership with the development entity to create a first-class, mixed-use development that incorporates the potential for Class A office buildings, and public amenities that will spark revitalization of the Van Dorn and Duke Street areas.

Del Ray and Arlandria - Del Ray has continued to grow as a model of the successful revitalization of a community with modest opportunities for growth, while respecting the unique character of the community. Similarly, with approval of redevelopment and revitalization plans this past year Arlandria is poised to create a new vibrant urban node within the City. With cooperation between the City, the community and the developers, Arlandria can begin on a path that will expand the tax base and provide much needed retail and business services.

Position on Development, Development Corridors and Area Plans:

The Chamber supports smart growth and development in the City's business corridors. Specifically, we:

- ***Support balanced mixed-use developments and increased density around existing and future public transportation corridors;***
- ***Encourage the City to develop Small Area Plans that provide a flexible framework for creative participation by developers and minimize prescriptive requirements that quickly become outdated and narrowly address the concerns of small interest groups;***
- ***Ask the City to identify the types of businesses it wants to attract, and target its publicity and outreach accordingly;***

- *Ask the City to make a special effort to attract commercial development, and recognize the revenue shortfall created by a disproportionate number of residential developments;*
- *Continue to support implementation of the Potomac Yard Master Plan and construction of the Potomac Yard Metro station;*
- *Support the implementation of an economically sustainable Waterfront Small Area Plan that will showcase Alexandria as a premier destination that honors its past while embracing a vibrant present and thriving future, by supporting specific developments;*
- *Urge that the City move forward to implement the Beauregard Small Area Plan that features balanced mixed-use, rational integrated transportation concepts, and exciting urban places with amenities for the community; Work with the development entity of the Landmark Mall and seek to realize a first-class, mixed use development that will leverage the revitalization of the Van Dorn/Duke Street corridor surrounding area; and,*
- *Actively engage the business community in the small area plan process.*

3. Transportation and Parking

An efficient transportation infrastructure is an indispensable component of business development and commerce. The Chamber recognizes the need for affordable and widely available City-wide public transportation systems that are fully integrated with regional transportation modes. Convenient public transportation is the key to reducing congestion, decreasing parking issues, improving the quality of life, and attracting quality development. Transportation is a core public service provided by the City, and transportation improvements, in the form of new public transit systems and roadway maintenance, represent one of the most critical facing the City. To relieve congestion, we believe that all modes of transportation must be supported.

The recently enacted State Transportation Bill (HR 2313) formalized the State’s commitment to transportation. Implementation of the legislation is just beginning, and many details of the implementation are still being formulated. This notwithstanding, it is crucial that the City aggressively pursue funding opportunities for the Potomac Yard Metro and other projects of “regional” significance as well as other local transportation related projects. The City must understand that it will be competing with other jurisdictions for funding and will need to make a concerted effort to secure as much of this important funding as possible. This is particularly important in the face of dwindling Federal resources.

Alexandria’s neighboring jurisdictions are addressing their transportation infrastructure shortcomings as part of a regional system. Alexandria must take an active role in shaping a regional transportation solution, and not let regional partners dictate the future. This is the key to unlocking “smart growth” in the City. The Chamber understands the magnitude of the cost of transportation systems - public transportation projects in particular - and the difficulty of funding these systems with a single funding source. The Chamber encourages the City to implement a rational, balanced transportation plan that is matched to demonstrable needs and is economically sustainable without burdensome and inequitable tax increases.

The King Street Trolley has proven to be an important economic engine, moving tourists and residents along the King Street business corridor between mass transit providers such as bus, Metro and water taxi service. In addition to promoting commerce, the Trolley service contributes to reducing automobile congestion and demand for parking, as well as sending a strong message to the region that we have a “welcoming” City.

Cycling has become a viable alternative mode of transportation and recreation in the City. The City has received national recognition for developing dedicated paths and lanes to encourage an even greater use of this mode. Making walking and cycling safer and easier can measurably reduce congestion in the more urbanized areas of the City.

The City benefits from tourists and visitors, many of whom arrive via motor coaches. The City must continue to search for solutions to meet motor coach access and parking needs. In the long term, the City must continue to identify a location for a visitors' center that would include automobile and motor coach parking, and ideally be serviced by trolleys similar to The King Street Trolley or by the City's rapid transportation system. The Chamber would support such a use being incorporated into the GenOn (North Old Town) master plan.

In general, the Chamber supports the findings and recommendations of the City's Old Town Parking Study. The recent transition from parking meters to ticket kiosks in the Old Town area reduces the visual street clutter and improves convenience. It also appears that the availability of spaces for retail patrons has improved as price increases have gone into effect. Retail businesses are concerned that the cost of parking can discourage patrons, so the City must carefully monitor the delicate balance between increases in the cost of metered parking versus the desire to improve the availability of on-street parking. The City must continue signage and information programs to direct visitor parking to designated parking garages as well as implement kiosk parking technology. Notwithstanding the foregoing, the Chamber recognizes different areas of the City, and even different areas of King Street, may have different needs based on availability of adequate parking facilities, and as a consequence, consideration should be given to satisfy those needs in the broader context of resolving the City's parking challenges.

To the extent economically possible, the City should continue parking incentive programs for both Alexandria's workforce and visitors, without overburdening participating businesses. The Chamber urges the City to create tax incentives to encourage property owners of privately-operated parking garages that service office tenants during traditional business hours to open those parking lots for fee-based public parking during evenings and weekends. At the same time the City must enforce the hours of operation for parking garages that are required under their special use permits to maintain longer hours that will benefit nearby retail establishments. In the long term, the City should explore possibilities for locating additional parking facilities to service the portion of upper King Street between Washington Street and the King Street Metro.

Position on Transportation and Parking:

The Chamber supports planning and implementing a rational, need-based integrated public transportation plan that complements the systems in adjacent jurisdictions. Further, we:

- ***Support wider development and use of alternative modes of transportation, such as trolleys, busses, rapid bus transit, rail (if economically feasible), bicycles, scooters, and walking. Conversely, we discourage over-improving or expanding roads that invite an increase in automobile use and traffic;***
- ***Encourage the City to continue the King Street Trolley program and to increase the use of similar trolleys where appropriate to serve as economic engines for business corridors. The Del Ray Trolley should be put into operation as soon as possible;***
- ***Encourage the City to aggressively pursue funding for transportation improvements through State Transportation Bill, particularly for the Potomac Yard Metro;***
- ***Encourage limited use of Special Tax Districts where the initial cost of transportation programs is too great to fund in any other manner;***

- *Support targeted way-finding programs designed to facilitate easy access to, and maximize the use of, parking garage facilities and metered parking;*
- *Encourage incentives that result in increased usage of existing parking garage inventory and modernization of the City’s metered parking infrastructure. Further, we urge the City to enforce hours of operation for parking garages in a manner consistent with special use permits. The Chamber encourages the City to be flexible in implementing its parking plans so as to be sensitive to unique needs in specific localities; and,*
- *Support a rational plan for motor coach access to and within Alexandria without imposing new laws that seek to limit motor coach activity in a manner that adversely impacts the City’s commercial interests. The Chamber supports short-term and long-term solutions for motor coach parking, including a visitors’ center that incorporates motor coach parking.*

4. City Budget and Taxes

The City has taken positive steps toward improving the transparency of the budget process. One important step was the adoption of a 10-year budget. Among other benefits, the City’s multi-year budget helps to engender confidence as it brings greater predictability for local businesses.

The business members of the Chamber understand well the process of budgeting. Adopting and maintaining a budget involves scrutinizing the spending and income sides of the ledger. Not every need can be fully funded with the available resources. The projected budget for 2014 shows revenue deficit coupled with anemic economic growth. In addition, the rate of debt over the next five to ten years is increasing. Overall, the anticipated debt is due as much to decreasing revenues as it is on increases in spending. With respect to revenue, the residential real estate revenue continues to grow each year, but the revenue from commercial real estate and business sources show little or no increase. This alarming fact emphasizes the need for the City to redouble its effort to encourage commercial growth in the City.

To bring spending and revenue together, and avoid having to make up deficits with increased property tax, both decreases in spending and increases in revenue sources must be explored. Further, the City must commit to prioritizing budget items, focusing first on “core” public services. Spending for each item in the budget must be prioritized according to both immediate and future benefits for the citizens of the City.

There are three large budget items in particular that must be carefully considered during the current budget deliberations: infrastructure, education and transportation. Funding of these and other budget items must be regularly evaluated to find creative ways to do more with less, and engage funding sources other than continuously raising taxes or imposing special assessments and levies.

It is well-established that commercial properties require substantially fewer services from the City than do residential properties. Its impact on the cost for infrastructure, public safety, transportation and schools is substantial. Yet, under the current taxing structure, commercial and residential properties are taxed at an equal rate. In addition, commercial property owners pay proportionately more taxes for fewer services than residential property owners. In the short and long term, the City must explore ways to rebalance this equation.

The business community is willing to bear its equitable share of the City’s revenue needs. However, the Chamber continues to oppose regressive taxing, including imposing a differentiated real estate tax rate for commercial properties or through the use of inequitable “add-on” taxes. The Chamber also opposes de facto taxes on the business community, including commercially unreasonable fees

associated with standard business activities. There is still much economic uncertainty and continuing hardship that afflicts our businesses. The BPOL tax is one example of tax that has a chilling effect on commerce, and reforms of the BPOL tax are being examined by the Business Tax Reform Committee. However, the City must also take a holistic view of business taxes and business development, and recognize there must be a broad commitment including outreach and publicity to change the perception that Alexandria is not welcoming to business.

Position on City Budget and Taxes:

The Chamber supports transparent fiscal planning and forecasting. Budget decisions should be made on the basis of data-driven cost benefit analysis, and consistently follow the principles of the Economic Sustainability Report adopted by Council. Additionally, the Chamber:

- ***Urges funding of programs to stimulate economic development that will rebalance the City's tax base with greater revenues generated by commercial uses;***
- ***Requests the City provide more detailed revenue projections within its budget;***
- ***Opposes new and increased fees on business activities as a strategy for raising revenue, particularly inequitable "add-on" taxes;***
- ***Request the City take a holistic view of reforms and initiatives to eliminate the perception in our region that Alexandria is unfriendly to business, and;***
- ***Supports BPOL and commercial tax reform targeted at simplifying and rationalizing the overlay of multiple taxes on business that, taken as a whole, become excessive.***

5. Affordable Housing

The term "affordable housing" encompasses several concepts designed to make available rentable or ownership housing to various low or medium income sectors of the community. In Alexandria the numbers of market affordable rental housing units have declined since 2000 due to disproportionate increases in rents compared to income, and the number of units being removed from the available stock through normal redevelopment. Debate over the role of the City in providing or mandating affordable housing became an important topic in the deliberations leading up to adoption of the Beauregard Small Area Plan, and the discussion continues. While there is no consensus on the exact quantity and type of affordable housing or how it should be funded, there is little disagreement that we should make reasonable efforts to provide for the underserved populations that make an important contribution to our local economy.

The completed Housing Master Plan outlines goals and strategies to preserve and enhance affordable housing. The plan outlines several goals and strategies that if adopted and implemented by the City can make a positive contribution to reversing the declining supply of affordable housing. However, the Chamber is skeptical of setting unrealistic goals that divert revenue and resources from the core responsibilities of public safety, education, infrastructure and transportation. Further, we are against "earmarking" future revenue and creating burdensome proffers on development plans. We favor a balanced and broad approach to affordable housing programs that does not place an unreasonable burden on private development.

Affordable housing is a component of a vital and diverse community. The Chamber:

- ***Supports the spirit of the recommendations in the Draft Housing Master Plan;***
- ***Urges the City to set realistic and achievable goals for affordable housing within the context and needs of the overall Budget, and;***

- *Understands that the funding of affordable housing is complex and must be shared equitably among local, state and federal jurisdictions, as well as private development.*

6. City Services

To be competitive with other localities in the Washington Metropolitan Area in attracting new business to Alexandria, the City must ensure that it meets expectations in areas involving its core mission of services to its constituents. The City's recent investment in emergency service facilities and equipment is one example that should result in a higher level of service and reduce reliance on neighboring jurisdictions for such services as life safety response. The Chamber recognizes the importance of prudent and cost-beneficial investment in core services spread out over time so as to reduce the impact on the Budget. It also recognizes that cost of certain services is substantial, so realistic goals and the timing of outlays must match demonstrable needs and resources.

The City has made significant progress to rationalize the operation of services and reduce inefficiencies in government. Generally, reducing requirements as well as streamlining the process for applications, approvals for business licenses, planning, and construction permits can help announce that Alexandria is open for business.

The improvement in the Code Administration one-stop permitting center and the more recent Small Business Center is one good example of such streamlining. Similarly, the Department of Planning and Zoning has made a positive change by adopting a faster Special Use permit process for certain use groups. On the other hand, the procedures for Development Special Use Permits (DSUP), Site Plans Approvals, Transportation and Environmental Services Approvals, and Fire Marshall Approvals and Inspections remain complicated, inefficient, and unpredictable. Specifically, the DSUP process includes default conditions that can be disproportionately burdensome of medium or small projects. The Chamber believes there is much room for improvement in the development review process, particularly in establishing and adhering to review deadlines.

Position on City Services:

The Chamber supports prudent, long range capital investment in City services to meet the essential needs of its Citizens and keep Alexandria competitive with neighboring jurisdictions. Further, we:

- *Support the use of improved methods and on-line technology to simplify filing requirements and approval procedures for new and existing businesses. This has the added benefit of reducing paper and trips to-and-from the City, all of which is consistent with the goals of the Eco-City initiative;*
- *Urge the City to annually reassess the scale of all City services in an effort to carefully match need with spending for services;*
- *Recommend the City continue to critically assess current Development Special Use and Site Plan approval procedures with the objective of simplifying and compressing the time needed to complete these approvals, and;*
- *Call for examination of the need for outside consultants, particularly when existing staff and resources can be utilized.*

7. Education

The City's ability to compete with other localities in the Washington Metropolitan Area in attracting new business to Alexandria is dependent on the City having a well-educated workforce. By enriching the educational experience and developing strong academic and practical skills for our children, they will be prepared to successfully pursue higher education or enter the workforce.

Alexandria City Public Schools (ACPS) faces many challenges to raising the quality of the educational system in the City. The Chamber believes that the strategic goals of ACPS must be clearly communicated to the community, and its citizens must be able to clearly see and measure the progress of the educational system. The Chamber also recognizes a steady increase each year in the student population imposes a heavy burden on school facilities and the delivery of education. This increase in capacity is likely to continue, and will require both improving existing school facilities and constructing new facilities. The cost of delivering a high quality of education and providing the new facilities that will be required to meet the pressures of increasing school population has become a major component of the City's budget for future years.

In addition to the delivery of a quality education, we remain mindful of recent financial management issues with ACPS. We are concerned about ACPS budgeting and financial controls, but are hopeful that the new School Board and Interim Superintendent, in concert with City Council, can quickly correct these issues to ensure a financially stable school division.

Position on Education:

The Chamber supports a high quality education system and a well-educated workforce. It supports the efforts of Alexandria City Public Schools to ensure its students develop strong academic and practical skills to enable them to pursue successfully higher education or entry into the workforce.

8. Environment

In addition to contributing to the quality of life, an environmentally progressive City can be attractive to businesses seeking to locate in the City. There are other potential economic benefits, such as jobs and reduced stress on the City's infrastructure. In support of its commitment to promoting the City's environmental objectives, the Chamber became a charter partner with the ACVA, AEDP and the Environmental Policy Commission to promote the Alexandria Green Certification for businesses.

Consistent with the City's Eco-City Charter, the Chamber also supports the creation of local policies, including tax credits, to encourage and provide incentives for developers and owners of existing properties to utilize energy-efficient and environmentally-friendly building technologies, materials and conservation measures. Any such policy should contain an educational component aimed at promoting "sustainable" practices and should provide substantive rewards for voluntary compliance with stipulated sustainable building or energy efficiency standards or certification of compliance with a nationally recognized standard. Any such policy should further be administered in such a manner as to make implementation of "sustainable" practices and programs cost-effective for the local government and the participating business, developer or property owner. Regulation that is designed to protect the environment, whether it pertains to architectural design, building materials, building systems, or storm water management, should be carefully examined to avoid unintended consequences that unreasonably stifle development.

Position on Environment: The Chamber supports environmentally sustainable initiatives that benefit the quality of life in the City and ultimately make businesses more competitive in the region, but that are also economically sustainable and do not create an undue economic burden on businesses.

II. STATE

1. Business and Business Development

Over the past year the Commonwealth has maintained a reasonable balance between budget restraint and spending. Further, the Commonwealth has recognized the importance of incentives and support of commerce that resulted in some job growth. Overall, the Commonwealth has performed well with respect to the nation in such categories as net growth and (low) unemployment, and has enjoyed for many years a rate of growth higher than other states. However, reductions in federal spending are off-setting the rate of growth in Virginia.

While the Commonwealth continues programs to entice business and promote tourism, the Chamber believes more can be done to partner with localities to attract businesses from outside the Commonwealth. While business development creates jobs, the Commonwealth should support Federal tax incentives and funding for infrastructure that will also create new employment opportunities. Additionally, the Commonwealth must continue to examine ways to compete with neighboring states for new business opportunities.

Position on Business and Business Development: The Chamber urges the Commonwealth to aggressively promote new businesses and nurture existing businesses through legislation that positions Virginia as business-friendly. In particular, the Commonwealth should provide funding for state economic development programs and partner with localities to attract new businesses.

2. Transportation

Enacting the Transportation Bill (HR 2313) marks a positive shift away from the old paradigm of funding transportation and providing funds to the jurisdictions with the greatest populations and needs. While the bill will not address everything, it is critical the General Assembly preserve the essential elements of the bill and not consider modifications that will take funding from other important programs such as education and health services, or that slowly reduce the total revenue for transportation.

Position on Transportation: The Chamber urges the Commonwealth to build and strengthen HR 2313.

3. Budget and Finance

The Chamber recognizes the positive steps that the Commonwealth has taken to reduce expenses and increase revenues in order to balance the Commonwealth's budget. The major municipal regions remain the major source of revenue for the Commonwealth, yet these same localities do not receive revenues from the Commonwealth in proportion to the revenue that they generate. This continues to put an undue burden on urban regions to raise revenues for important services such as infrastructure, education, and public safety. In addition, the impact of slower growth rate and revenues that will be below projections will need to be carefully considered in the budget process beginning with 2014.

2009 Local Aid to the State Program - In 2009 the General Assembly adopted a provision requiring localities to give back funds to the Commonwealth to help reduce its revenue shortfall. Continuation of this practice is both unfair to localities and a disincentive for the Commonwealth to balance its budget.

BPOL Tax - The Business Professional Occupational License (BPOL) Act enables localities to raise revenue by taxing businesses and professionals. The rate of the tax depends on the type of business or profession, and is based on gross revenues. Alexandria has adopted some of the highest rates in the region. This tax puts an unfair burden on businesses to raise general revenues that benefit all of the citizens of a locality. The BPOL tax is widely opposed in Virginia by the business community, and over the past two years there have been several attempts to introduce legislation to mitigate or eliminate the BPOL tax. The Chamber recognizes the need for localities to have “tools” to raise revenue. However, the Commonwealth and localities need to create sources of revenue that do not disproportionately rely on the business community.

Position on Budget and Finance: *The Chamber supports budget and finance reform that:*

- *Maintains a balance of the tax burden between businesses, residents and users of services;*
- *Gives local governments the tools to distribute their risk by better balancing/sharing the types of taxes that accrue to localities;*
- *Reduces or eliminates outdated and inequitable tax burdens on businesses, such as the BPOL tax, by seeking tax reform and simplification that can be applied more equitably to businesses;*
- *Encourages the state government to provide sufficient resources for such fundamental government functions as public safety, transportation and education;*
- *Encourages investment in Virginia through the introduction of investment tax credits and research and development tax credits, and;*
- *Rejects the concept of requiring localities “give-back” funds to the Commonwealth as a means to address state budget shortfalls.*

4. Education

The Chamber endorses a well-educated work force and encourages the Commonwealth to make education one of its highest priorities. The availability of quality education and technical skill development are major factors for businesses considering relocating to the Commonwealth. Our institutions of higher learning are struggling to attract the high-level faculty with research and development programs that are attractive to high-technology business.

Funding for capital improvements, early child development, and STEM programs for K-12 schools, as well as financial support for institutions of higher learning, is an essential building block for the long term success of the Commonwealth and our Nation. This includes specific funding for underserved populations and early education. Again, the Commonwealth needs to partner with localities as well as the Federal Government to secure the needed funding.

Position on Education: *The Chamber supports education of children at the earliest possible levels, and the funding of capital improvement projects to meet the growing needs of an expanding school- and college-age population base. Maintaining an exceptional system of higher education is an essential component of economic development through growth of the commercial sector. The*

Chamber encourages the Commonwealth to make education one of its highest priorities. Further, the Chamber:

- *Supports relaxing provisions governing the use of the Virginia Preschool Initiative Fund, and; [Please check]*
- *Support a revision to existing legislation that will provide localities and school boards the ability to establish a beginning date for the school. [I believe this may no longer be an issue]*

5. Environment and Energy

Businesses relocating to Virginia will expect clear and forward thinking energy policies as well as a commitment to a healthy environment. While the State currently has in-place initiatives for energy conservation and a clean environment, they do not stand in the forefront in the nation on these polices. The State should explore both old and new programs to reduce energy consumption and stress on the environment. All State operations, including building and transportation should implement cost-effective conservation measures. New State-funded developments should promote transit-oriented “smart growth” principles. In concert with localities, the State should develop incentives for the private sector to increase the supply, and use, of renewable energy.

Position on the Environment and Energy: The Chamber supports expanding State programs that incentivize the private sector to improve energy consumption, develop renewable energy sources, and reduce the impact of development on the environment.

6. Other Issues

III. FEDERAL

1. **General** - There is a broad acceptance that Congress and the Executive Branch are not focused on making the compromises necessary to reach a budget and funding agreement that would establish some degree of stability and predictability to our economy. The chamber, as well as the entire nation, demands the same mature and responsible response to fiscal governance that we must exercise on a daily basis in our businesses and personal lives.

2. **Budget and Taxes** – Reaching a budget agreement is the primary and absolutely necessary first priority. The Chamber understands the dilemma of the Federal Budget process: how do we increase revenue without affecting economically burdened households and the entrepreneurial spirit, and simultaneously reduce spending over the long term to reduce the deficit? Whatever progress is made in the coming year, there will continue to be systemic reductions in federal spending that will ultimately affect the rate of growth of our economy and impact Alexandria.

Clearly, rationalizing and simplifying the tax code to make it more equitable would be welcomed by most. There is also discussion about the role of tax policy in stimulating business. There is little doubt that revising the code could have many benefits, including growing jobs, encouraging innovation, and improving the competitiveness of U.S. businesses.

3. **Growth** – Job growth is an interconnected and necessary component of economic recovery. There are varying opinions on how to achieve job growth. Generally, businesses will grow and

create new jobs as they see the real effects of economic growth – such as an increase in demand – or when they have confidence that there will be real economic growth.

Ultimately good, solid growth of the economy can solve many of the budget problems. Programs designed to create a positive environment for the growing employment is an important element in obtaining economic growth. Targeted funding for modernizing our transportation and telecommunication infrastructure is an example that can promote job and economic growth in the short term, and accelerate the rate of growth in the long term. If carefully structured and located, infrastructure and transportation projects can leverage substantial “smart” growth. Another example is investment in education and variety of energy sources. Together they can create jobs, spur innovation and generate new technologies, as well as reducing the long term cost of mitigating the consequences of relying on foreign sources of energy.

Finally, the Government can eliminate unnecessary legal, regulatory, and legislative impediments for businesses in general, and to private investment in particular.

Position on Federal Issues: The Chamber encourages the Congress and the Executive Branch to reach a budget accord that will provide opportunities for growth through balanced measures that increase revenue and reduce long term spending. In particular, we:

- ***Support a balanced approach to deficit reduction that weighs restraining spending against increasing taxes, and that understands the important role of growing the economy to address the deficit, and;***
 - ***Encourage revising or reforming the tax code to create a more equitable and simple structure.***
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