

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 25, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #124: FUND RAISING FOR THE ALL CITY SPORTS FACILITY

As Council approaches final FY 2009 budget decision, it needs to decide if it wishes the All City Sports Facility to proceed, cancel the project, or if it wishes to defer the project to beyond FY 2010. This memorandum outlines these options.

I. If Council wishes the project to proceed in FY 2009:

As Council has reviewed the FY 2009 proposed budget, questions about the proposed \$260,000 amount in the FY 2009 CIP budget for the Alexandria Capital Development Foundation (ACDF) were raised by Council. As indicated in the ACDF briefings with Council Members, these funds were proposed to be used by ACDF to pay for a professional fund raising firm to assist the ACDF in raising at least the \$5 million in private funds targeted to be combined with City funds to build the proposed All City Sports Facility. It is very common in the private fund raising sphere, when large dollar amounts are being raised, for institutions (such as private schools and non-profit hospitals) to either employ fund raising development staff themselves or contract out and hire private fund raising firms. ACDF has chosen contracting out and (in a competitive selection process) hired OAI, Inc., a well respected, seasoned fund raising firm based in the D.C. area.

ACDF, in its meeting earlier this week developed the option that Council could fund the \$130,000 (half of the \$260,000) in the FY 2009 budget, then ACDF would undertake the corporate sponsorship element of the fund raising which could generate \$2.5 million or more of the targeted \$5.0 million minimum fund raising goal. ACDF has retained Front Row Marketing which is a national firm whose work is focused on naming rights and sponsorship at professional sports facilities, as well as municipal sports facilities. Front Row has estimated that the proposed All City Sports Facility, with its adjacency to Interstate 95, has the potential to generate over \$2.5 million in a naming rights revenue through a partnership with the private sector. This stage-gate method of phased funding the \$260,000 by providing \$130,000 initially, and then the second \$130,000 based on performance towards the \$5.0 million goal, is a reasonable method of approaching the fund raising for this project.

In reviewing the status of the project and its funding to date, there is another way to approach funding the requested \$260,000 for fund raising efforts. Looking at the City CIP funding provided to date for the facility, there remains some \$1.4 million currently unallocated (see page 6-34 of the CIP). Of this amount, \$0.8 million was set aside for design and \$0.6 million would go for construction costs of this facility (which would not start until FY 2010). Therefore, funding the ACDF \$260,000 in two equal parts could be funded out of the existing already funded \$0.6 million. While any construction dollars used would need to be added back to the FY 2010 CIP, this does allow the \$260,000 included in the FY 2009 CIP to be zeroed out.

II. If Council decides that it does not want to proceed with the All City Sports Facility until after FY 2010, or does not wish to proceed at all with this facility,

If Council decides not to proceed in FY 2009 and to defer the project until after FY 2010, then not only does the \$260,000 in the proposed CIP become available for reallocation, but also the remaining \$1.4 million also becomes available for reallocation. If Council decides it wishes to take this project deferral route (i.e., shift it to beyond FY 2010), then I would recommend that the \$1.66 million in capital funds freed-up funds be reallocated to Washington Street repaving (\$0.8 million) and to the Wayfinding program (\$0.866 million). Washington Street repaving was originally NVTA funded, and the Wayfinding Program proposed funding of \$1.225 million was proposed for reallocation to transportation purposes in budget memo #27. If Council wishes to cancel the project and remove it from the CIP, it should indicate so, and staff will amend the CIP document accordingly.