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**BOARD OF SUPERVISORS
BUSINESS MEETING
ACTION ITEM**

SUBJECT: **FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
REPORT: Overview of Loudoun's Sister City Program
and Recommendations for Future Administration**

ELECTION DISTRICT: Countywide

STAFF CONTACTS: Caleb Weitz, County Administration
Buddy Rizer, Executive Director, Economic Development

PURPOSE: The item provides the Board of Supervisors (Board) with information on Loudoun County's Sister City Program and includes a staff recommendation pertaining to the status and administration of the Sister City Program moving forward.

RECOMMENDATIONS:

Finance/Government Operations and Economic Development Committee (FGOEDC): At the June 14, 2016 Meeting the FGOEDC voted 4-0-1 (Letourneau absent) to recommend that the Board adopt criteria for active Sister City relationships and approve a process for administration as outlined in the June 14, 2016 Action Item. The FGOEDC further recommended that the Board direct staff to return to the FGOEDC with recommendations for designating qualifying Sister Cities as active.

Staff concurs with the recommendation of the FGOEDC

BACKGROUND: In 2008, the Board approved a Department of Economic Development (DED) International Program, funded through Transient Occupancy Tax revenues, for international business development efforts. The primary objective of Loudoun's international business attraction efforts is to promote Loudoun County as a global gateway and trade destination center in order to attract international investment to the County. Since then, DED has taken an active role in capturing international investment. One of the key strategies has been international business development trips centered in the County's Sister City locations. By establishing relationships with communities in proximity to key technology and international airport-centric locations such as Frankfurt, Seoul and Beijing, DED has been able to gain a foothold in these regions and attract foreign firms and investiture to the County in addition to growing a number of international firms in its pipeline.

In September 2014, DED began an effort to examine and update its strategy guiding its international attraction efforts. One key to this strategy is to further leverage the Sister City partnerships for business development. Sister City partnerships begin for a variety of reasons. Generally, Sister City partnerships share similar demographics and size. Partnerships may arise from business connections, travel, similar business clusters and industries, or shared history. Sister City relationships are typically formalized when the two highest elected or appointed officials from each city/jurisdiction sign a memorandum of understanding establishing the relationship. When researching countries and cities that would be ideal for Sister City relationships, Loudoun County looks to achieve several goals:

- Develop municipal partnerships between U.S. cities, counties, states and similar jurisdictions in other nations through which cultural, educational, business, and technical exchanges take place.
- Provide opportunities for city officials and citizens to experience and explore other cultures through long-term community partnerships.
- Create an atmosphere in which economic and community development can be implemented and strengthened.
- Stimulate environments through which communities will creatively learn, work and solve problems together through reciprocal cultural, educational, municipal, business, professional and technical exchanges and projects.
- Collaborate with organizations in the United States and other countries which share similar goals.
- Other criteria as determined by the Board of Supervisors.

Currently, Loudoun County has Sister City partnerships with the county of Main-Taunus-Kreis in Germany; Goyang City in South Korea; the city of New Taipei, Taiwan; Shunyi District of Beijing, China; and Karsiyaka Municipality in Turkey; and a friendship agreement with Gangneung City in South Korea. These partnerships promote economic, cultural and student exchange, and staff exchange programs. When looking for ideal Sister City relationships, it has been important to find cities and districts with economic, geographic, and cultural commonalities to Loudoun County. These include: a Major International Airport, a robust economy, a strong Information/Technology presence, and a thriving agricultural industry.

The County has been successful in finding the following commonalities with our Sister Cities:

- **Main-Taunus-Kreis, Germany** has a population of around 230,000 and lies within the greater Frankfurt metropolitan region. Sixty-percent of Main-Taunus-Kreis is agricultural and forest land and has active agricultural sectors including fruit, wine, and cheese production. In addition, with its close proximity to major German transport hubs (Frankfurt Airport, the Frankfurter Kreuz interstate interchange, and Frankfurt Central Station), it also has a commercial sector with 17,300 registered companies and is home to

global operations of companies like Coca-Cola, Procter & Gamble, Samsung, and Deutsche Bank. Educational, cultural and staff exchange programs have taken place with Main-Taunus-Kreis.

- **Goyang City, South Korea** has a population of around one million residents and is located north of Seoul, the capital of South Korea. Goyang City has a thriving agricultural economy and growing tourism industry. Additionally, Goyang is home to Korean broadcasting companies. Goyang City is also proximate to the upcoming 2018 Winter Olympics. Educational and staff exchange programs have taken place with Goyang City.
- **Gangneung City, South Korea** is a port city on the east coast of South Korea, with a population of 230,000. Gangneung is the economic center of the Yeongdong region of Gangwon Province. The Korean Air Force is based in Gangneung, and the air base formerly doubled as a civilian airport. Gangneung also will host many of the indoor events at the 2018 Winter Olympics.
- **New Taipei, Taiwan** has an estimated population of over 3.9 million and is situated in the northern part of Taiwan surrounding the country's capital, New Taipei City, Banqiao District. The region's major industries include tourism, technology and government services.
- **Shunyi District, China** is part of the capital city of Beijing, and has a population of approximately 1,000,000 people. The Beijing Capital International Airport is surrounded by Shunyi, and the primary economic clusters are Aviation, Information Technology, and Agriculture, closely mirroring Loudoun County. Shunyi was also the site of the rowing, canoeing, and kayaking competitions for the 2008 Olympic Games. In May 2016, Loudoun County participated in the signing of a marketing agreement between Washington-Dulles International and Beijing Capital International Airports.
- **Karsiyaka Municipality, Turkey** is located outside the port city of Izmir and has population of approximately 315,000 people. Thus far, this has been primarily a partnership of cultural and municipal exchange with no focused economic development efforts to date. Karsiyaka is what many in the U.S. would consider a suburb of Izmir, with the population largely working in Izmir and living in Karsiyaka. The citizens pride themselves on their high quality education, boasting 1 teacher for every 24 students, and a literacy rate of 92 percent; one of the highest in the Middle East.

Loudoun's established Sister City partnerships have been very helpful to DED's economic development efforts by providing strategic introductions for international relationships and foreign direct investment. As DED continues to fine-tune and deploy its international development strategy, current and future formalized relationships with international jurisdictions will allow the department to focus its limited resources on specific markets. While cultural and municipal exchange is an important aspect of Sister City partnerships, DED will consider future Sister City agreements based on the potential for business development. DED will conduct extensive research and analysis related to trends and projections of countries and locations that

are currently economically strong (namely Europe and Asia) but also promising under-represented markets; doing so will yield more direct business development benefits.

ISSUES: With the exception of Shunyi District, China and Goyang and Gangneung Cities in South Korea, Sister City partnerships approved by the Board are mostly focused on cultural, educational and staff exchanges. One example is student exchange programs. Under DED's international economic development strategy, Sister City partnerships are identified based on commonalities between venues such as major international airports, proximity to major seaports, and agricultural and commercial interactions. Future Sister City partnerships will focus on these commonalities and mutual interests.

Logistics for these cultural, educational, and staff exchange programs, which involved the Loudoun County Government, were primarily handled by the former Board Chair's office. An example of this logistical coordination would be the former Chair's office coordinating the visit of a cultural exchange delegation to tour Loudoun County.

Future Administration of the Sister City Program

Staff recommends that the Board provide additional guidance on the Sister City Program. First, staff recommends that the Board adopt criteria for active Sister City relationships. Second, staff recommends that the Board provide direction to the County Administrator to designate a primary point of contact with Loudoun's Sister Cities. The point of contact will be responsible for evaluating and disseminating information to the Board and appropriate staff based off recommended criteria outlined below. Establishing this framework will help the Board and staff to consistently manage Sister City relationships.

Active Sister City Relationships

While Loudoun currently has six identified Sister City relationships, staff recommends that the Board designate certain Sister City relationships as active. The criteria for active Sister Cities would include one or more of the following elements:

- Recent or planned delegation visits of elected officials.
- Recent or planned student exchanges.
- Recent or planned cultural exchanges.
- Current collaboration on economic development prospects or leads.
- Staff exchanges or other collaborative information sharing.

Following Board adoption of the criteria outlined above, staff would return to the FGOEDC with recommendations to designate qualifying Sister Cities as active. Staff recommends that the active status of Sister Cities be reviewed by the FGOEDC on an annual basis.

Primary Point of Contact

The County Administrator will designate a primary point of contact who will serve as the liaison with Loudoun's active Sister Cities. This primary point of contact will maintain regular contact with the active Sister Cities to communicate about issues of mutual interest, such as delegation visits, staff communication, economic development inquiries, and educational and cultural exchanges. The primary point of contact will facilitate appropriate communication between officials in Sister Cities, Board Members or staff as appropriate.

Process for Handling Requests from Sister Cities

Sister Cities often make requests of Loudoun County to provide information, perform certain actions or host various events. To handle these requests, staff recommends that two broad definitions be established for the types of requests: "functional" and "ceremonial." The matrix in Table 1 below highlights the purpose of the staff recommendation and includes the recommended roles and responsibilities of Board offices and staff for each type of request.

Table 1 – Definitions, Roles and Responsibilities for Functional and Ceremonial Requests

	Functional Request	Ceremonial Request
<i>Definition:</i>	Requests for information of a programmatic nature that can be handled by staff.	Visits and communication involving elected officials that is most appropriate for elected-official-to-elected-official interaction.
<i>Example(s):</i>	A Sister City requests information about conducting business in Loudoun, or requests use of a county facility.	Sister City delegation visits to Loudoun County/invitations to visit Sister Cities.
<i>Board Office(s) Role:</i>	None; however, the primary point of contact will assure the Board's situational awareness as appropriate.	A Board office or offices will be required to sponsor a ceremonial event. For example, for a delegation visit to Loudoun County, the sponsoring Board office would hold primary responsibility for the development of events, an itinerary and welcoming the delegation. Additionally, the sponsoring Board office(s) would be responsible for coordinating funding for logistics such as meals or lodging.

	Functional Request	Ceremonial Request
<i>Staff Primary Point of Contact Role:</i>	The Primary Point of Contact will evaluate the request and route it to appropriate staff, such as DED if appropriate, or to an outside organization, such as the Loudoun County Public Schools, and ensures closure on the inquiry.	The staff primary point of contact will forward ceremonial requests to the entire Board to gauge Board Office sponsorship interest. The primary staff point of contact will also provide needed appropriate logistical assistance, such as reserving County facilities for official functions; facilitating staff presentations; and coordinating transportation on County vehicles. If no Board office is willing to sponsor the ceremonial request, the staff primary point of contact will inform the Sister City as appropriate.

Funding for Delegation Visits and Related Expenses

The FGOEDC had discussion regarding funding for expenses related to Sister City delegation visits. The FGOEDC expressed some interest in finding an alternative source to Board District Budget funds for expenses associated with official County business regarding Sister City relationships. These official County business expenses could include:

- Meals/transportation/lodging and other logistics associated with Sister City delegation visits in accordance with County policy; and
- Certificates, plaques and other recognition items.

All expenses associated with official business for the Sister City program must remain in compliance with the County's Allowable Expenditure of County Funds (ACC-01) Revised November 2015 policy.

Should the Board desire to establish funding for expenses associated with official County business regarding Sister City relationships, staff would recommend designating \$5,000 in the corporate Board budget. Draft Motion #2 provides this option to the Board.

FISCAL IMPACT: The Sister City Program can be administered as outlined in this item without additional staff resources. Future Sister City additions may require additional staff resources to be identified. Should the Board adopt Draft Motion #2, \$5,000 would be budgeted within the corporate Board budget from FY 2017 unallocated General Funds for expenses associated with official County business regarding Sister City relationships.

DRAFT MOTIONS:

- 1a. I move that the Board of Supervisors approve the criteria for Sister City relationships and process for administration as recommended by the Finance/Government Operations and Economic Development Committee at its June 14, 2016 meeting.

AND

- 1b. I further move that the Board of Supervisors direct staff to return to the Finance/Government Operations and Economic Development Committee with a recommendation to designate qualifying Sister Cities as active.

AND

2. I further move that the Board of Supervisors designate \$5,000 in the Board of Supervisors budget for Sister City delegation visits and related expenses.

OR

3. I move an alternate motion.