

Economic Development Authority

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Mission

To promote the competitive advantage of Fairfax County and influence the growth of a diverse and innovative ecosystem that enhances the tax base, creates demand for commercial space, and supports an extraordinary and equitable quality of life across Fairfax County.

Focus

The Fairfax County Economic Development Authority (FCEDA) was created by an act of the Virginia General Assembly in 1964, and the Authority commemorated its 50th anniversary in 2014. The Fairfax County Board of Supervisors appoints the seven members of the FCEDA's Commission, which in turn, appoints the FCEDA's president and CEO. The Board of Supervisors appropriates funds annually to the FCEDA for its personnel and programs.

The FCEDA accomplishes its objectives through well-established strategic alliances with organizations and institutions throughout Fairfax County, the state and the region.

The focus of all programs of the FCEDA is to market office space, and reduce the vacancy rate in order to stimulate new construction that contributes to the real estate tax base, and enables the Board of Supervisors to provide high quality public services while minimizing the burden of the costs for residents. To do so, the FCEDA provides direct assistance to businesses that are considering establishing or expanding their business operations in Fairfax County. It supplies companies with a wide range of information, site location assistance, introductions to needed services and financing sources, and more. The Authority closely tracks the County's real estate markets to provide new and expanding firms with commercial space options best suited to their needs. The businesses are then fully informed to make the site decision that best suits their needs. With the exception of fees for revenue bonds, all other services of the FCEDA are provided without charge and in the strictest confidence.

**The Economic Development Authority supports
the following County Vision Element:**



Maintaining Healthy Economies

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Office leasing activity totaled 9.7 million square feet by the end of 2018. As has been the case for the past several years, the overwhelming majority of leasing activity during 2018 involved renewals and consolidations. Lease rates for new space are adjusting to market conditions as many tenants are taking advantage of favorable rates, and others are looking to capitalize on market conditions by consolidating operations in newer space near Metro stations. Submarkets along and near the Silver Line – Tysons Corner, Reston and the Herndon area – are especially well-positioned to take advantage of this trend. More than 54 million square feet of new office space is in the development pipeline countywide.

The County's office space inventory exceeded 118.5 million square feet at year-end 2018, an increase of 1,191,000 square feet over the office space inventory at year-end 2017. The increase is due in large part to the delivery of the 975,000 square foot Capital One headquarters building. Fairfax County is the second largest suburban office market in the United States and has 32 percent of the commercial office space in the Commonwealth of Virginia.

The direct office vacancy rate at year-end 2018 was 14.9 percent, down from 15.5 percent at year-end 2017. The overall office vacancy rate, which includes empty sublet space, was 15.5 percent at year-end 2018, down from 16.3 percent recorded at year-end 2017. The amount of empty office space fell to 18.4 million square feet. Industry experts expect vacancy rates to remain relatively stable through 2019 as tenants monitor economic conditions and the direction of the federal budget.

Fairfax County ranks as the 29th most active office construction market nationally. At year-end 2018, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. Six office buildings totaling more than 1.5 million square feet were underway in three submarkets in December 2018. The amount of new space delivered in 2018 – more than 1.5 million square feet – exceeded the roughly 870,000 square feet delivered in 2017.

In addition to working to attract and retain information technology and professional services that comprise the County's traditional business base, the FCEDA targets strong and comparable U.S. and global markets and industries to accelerate the process of business attraction. The FCEDA also pursues new business sectors including cybersecurity, data analytics and cloud computing, health IT, and emerging technologies such as artificial intelligence and virtual reality. This effort reflects the FCEDA's objective to further diversify the County's economic base.

The FCEDA has had recent successes in a wider range of industry sectors, as well as the traditional economic base in the government contractor sector. There is continued growth of international businesses as well. The FCEDA's focus on small, minority-owned, woman-owned and veteran-owned businesses has created a strong base of diversely-owned companies. The FCEDA is focused on retaining and attracting companies in those sectors.

The FCEDA Commission approved a strategic plan to continue to diversify the County's economy by attracting jobs in technology, financial services, healthcare and headquarters locations, and to increase innovation by attracting start-up companies.

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Budget and Staff Resources

Category	FY 2018 Actual	FY 2019 Adopted	FY 2019 Revised	FY 2020 Advertised	FY 2020 Adopted
FUNDING					
Personnel Services	\$4,125,134	\$3,902,523	\$3,902,523	\$4,010,465	\$4,053,391
Operating Expenses	3,747,923	3,938,092	4,288,092	3,938,092	4,738,092
Total Expenditures	\$7,873,057	\$7,840,615	\$8,190,615	\$7,948,557	\$8,791,483
Income:					
EDA Bond Administrative Fees	\$15,379	\$0	\$0	\$0	\$0
Total Income	\$15,379	\$0	\$0	\$0	\$0
NET COST TO THE COUNTY	\$7,857,678	\$7,840,615	\$8,190,615	\$7,948,557	\$8,791,483
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Exempt	36 / 36	36 / 36	36 / 36	36 / 36	36 / 36
1 President/CEO	9	9 Business Development Managers IV	1	1 Production/Graphics Manager	
3 Vice Presidents	2	2 Business Development Managers II	1	1 Business Resources Manager	
1 Director of Business Diversity	1	1 Business Development Manager I	1	1 Procurement Manager	
1 Director of International Marketing	3	3 Market Researchers III	1	1 Administrative Assistant, International	
1 Director of National Marketing	1	1 Market Researcher I			
1 Director of Administration	1	1 Communications Manager			
2 Directors of Market Research	1	1 Executive Administrative Assistant			
1 Director of Real Estate Services	1	1 IT Specialist			
2 Business Development Managers V					
TOTAL POSITIONS					
36 Positions / 36.0 FTE (All Exempt)					

FY 2020 Funding Adjustments

The following funding adjustments from the FY 2019 Adopted Budget Plan are necessary to support the FY 2020 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 7, 2019.

- ◆ **Employee Compensation** **\$150,868**
 An increase of \$150,868 in Personnel Services includes \$81,950 for a 2.10 percent market rate adjustment (MRA) for all employees and \$68,918 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2019.
- ◆ **Workforce Attraction and Retention Program** **\$800,000**
 The Board of Supervisors approved funding of \$800,000 for a Workforce Attraction and Retention Program. The program will use a multi-faceted approach to build awareness of the area to potential workers outside the area and reinforce this area as a great place to begin a career for young people. The FCEDA envisions this program as a partnership that will involve the County government, Fairfax County Public Schools, and area business organizations and companies. Initial one-time funding of \$200,000 was made available as part of the *FY 2019 Third Quarter Review*.

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Changes to FY 2019 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2019 Revised Budget Plan since passage of the FY 2019 Adopted Budget Plan. Included are all adjustments made as part of the FY 2018 Carryover Review, FY 2019 Third Quarter Review, and all other approved changes through April 30, 2019.

- ◆ **Carryover Adjustments** **\$150,000**
 As part of the FY 2018 Carryover Review, the Board of Supervisors approved funding of \$150,000 for the Community Business Partnership’s Community Development Financial Institution (CFDI) plan in FY 2019. The Community Business Partnership is funded through the Economic Development Authority.
- ◆ **Third Quarter Adjustments** **\$200,000**
 As part of the FY 2019 Third Quarter Review, the Board of Supervisors approved funding of \$200,000 for a Workforce Attraction and Retention Program. The program will use a multi-faceted approach to build awareness of the area to potential workers outside the area and to reinforce this area as a great place to begin a career for young people. This funding will be used to hire a research firm that will conduct qualitative and quantitative research and to begin development of the communications vehicles that will be used in the program.

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate/Actual	FY 2019	FY 2020
Jobs from announcements	6,858	7,639	9,000 /11,408	11,000	12,000
Percent of jobs created in targeted sectors: technology, financial services, healthcare, and headquarters locations	N/A	N/A	90% /99%	99%	99%
Innovation: Jobs in start-up companies of less than five years	N/A	N/A	N/A/85	150	175
Start-up business engagements	N/A	N/A	N/A/981	1,200	1,300

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2020-adopted-performance-measures-pm>

Performance Measurement Results

In FY 2018, the FCEDA Commission developed a new strategy that places a primary focus on diversifying the economy in the areas of emerging technologies, financial services, healthcare, and headquarters locations. The FCEDA has revised its performance measures to reflect this change and continues to pursue opportunities in industries such as cybersecurity, cloud computing, data analytics, and translational medicine that present future opportunities.

In FY 2019, the FCEDA Commission revised the metrics to include a focus on innovation and start-up companies that have been in business for five years or less. The FCEDA revised its performance measures to include new jobs in these companies.

In addition, the FCEDA will monitor its effort to make an impact in diversifying the economy to include the full spectrum of technology companies from start-up to larger organizations.