

Economic Development Authority

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.

Historically, the focus of all programs of the FCEDA has been 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. In recent years, with continuing low unemployment rates, the ability of companies to hire workers has been an important factor in attracting and retaining businesses. To address this need, the Board of Supervisors and the FCEDA Commission have provided a new focus in the area of talent management. This is a top priority in working with technology companies in particular. The FCEDA has been provided with additional funding for a talent initiative and this will be a vital complement to existing FCEDA services to businesses.

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.

Office leasing activity totaled over 9 million square feet at the end of 2019. As has been the case for the past several years, the overwhelming majority of leasing activity during 2019 involved government renewals and metro-adjacent relocations. 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 56 million square feet of new office space is in the development pipeline countywide.

The County's office space inventory exceeded 118.7 million square feet at year-end 2019, an increase of 257,904 square feet over the office space inventory at year-end 2018. The increase is due in large part to the delivery of the two office buildings within the mixed-use development known as The Boro. Fairfax County is the second largest suburban office market in the United States and has 33 percent of the commercial office space in the Commonwealth of Virginia.

The direct office vacancy rate at year-end 2019 was 13.9 percent, down from 14.9 percent at year-end 2018. The overall office vacancy rate, which includes empty sublet space, was 14.4 percent at year-end 2019, down from 15.5 percent recorded at year-end 2018. The amount of vacant, unleased office space fell to 17.1 million square feet. Industry experts expect vacancy rates to remain relatively stable through 2020 as tenants monitor economic conditions and the direction of the federal budget.

Fairfax County ranks as the 16th most active office construction market nationally. At year-end 2019, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. Eight office buildings, totaling more than 2.7 million square feet, were under construction in three submarkets as of December 2019. The amount of new space delivered in 2019 was slightly more than 600,000 square feet, with an expectation of 1.2 million square feet of deliveries in 2020.

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 artificial intelligence, cybersecurity, data analytics and cloud computing, health IT 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.

The FCEDA has hired a dedicated manager for the new talent attraction and retention initiative. Responsibilities include research, program development, creation of partnerships, and relationship-building within the business community.

Pandemic Response and Impact

The FCEDA pivoted quickly, in operations and programming, to the COVID-19 pandemic and the resulting economic downturn. The Authority made sure every employee was well-equipped to work from home, and adopted weekly virtual staff meetings, monthly virtual Commission meetings, and digital presentations with clients. The FCEDA assessed the local economic damage done by the pandemic by surveying business owners, and connected businesses with resources through a COVID-19 Business Resources Hub website page, extensive staff outreach to link businesses with recovery loan and grant programs, webinars, and online events. The FCEDA increased communication with the County's Department of Economic Initiatives and other partners to coordinate information and resources, collaborated with Northern Virginia economic development organizations on a "Beyond COVID-19: Business Resiliency" webinar series and a GO Virginia grant for small-business promotion. The FCEDA pivoted a new website on attracting workers to Northern Virginia to connect those who have lost their jobs with area companies doing "surge hiring" during the emergency. The FCEDA also coordinated a series of virtual career fairs with corporate and academic partners and participated in local and regional recovery task forces to prepare for the "new normal" business environment.

Budget and Staff Resources

| Category | FY 2019 Actual | FY 2020 Adopted | FY 2020 Revised | FY 2021 Advertised | FY 2021 Adopted |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| FUNDING | | | | | |
| Expenditures: | | | | | |
| Personnel Services | \$3,927,731 | \$4,053,391 | \$4,053,391 | \$4,207,634 | \$4,053,391 |
| Operating Expenses | 4,062,882 | 4,738,092 | 5,088,092 | 4,788,092 | 4,788,092 |
| Total Expenditures | \$7,990,613 | \$8,791,483 | \$9,141,483 | \$8,995,726 | \$8,841,483 |
| Income: | | | | | |
| EDA Bond Administrative Fees | \$94,975 | \$0 | \$0 | \$0 | \$0 |
| Total Income | \$94,975 | \$0 | \$0 | \$0 | \$0 |
| NET COST TO THE COUNTY | \$7,895,638 | \$8,791,483 | \$9,141,483 | \$8,995,726 | \$8,841,483 |
| AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE) | | | | | |
| Exempt | 36 / 36 | 36 / 36 | 36 / 36 | 36 / 36 | 36 / 36 |

FY 2021 Funding Adjustments

The following funding adjustments from the FY 2020 Adopted Budget Plan are necessary to support the FY 2021 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 12, 2020.

Community Development Financial Institution \$50,000
 An increase of \$50,000 in Operating Expenses is included for the Community Business Partnership's Community Development Financial Institution (CDFI). The CDFI lends money to businesses established by disadvantaged populations in Fairfax County until the businesses can obtain funding from regular commercial sources. The Community Business Partnership is funded through the Economic Development Authority.

Changes to FY 2020 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2020 Revised Budget Plan since passage of the FY 2020 Adopted Budget Plan. Included are all adjustments made as part of the FY 2019 Carryover Review, FY 2020 Third Quarter Review, and all other approved changes through April 30, 2020.

Carryover Adjustments \$350,000
 As part of the FY 2019 Carryover Review, the Board of Supervisors approved funding of \$200,000 for a Workforce Attraction and Retention Program. In addition, funding of \$150,000 was included for the Community Business Partnership's Community Development Financial Institution (CDFI) plan in FY 2020.

Position Detail

The FY 2021 Adopted Budget Plan includes the following positions:

| ECONOMIC DEVELOPMENT AUTHORITY – 36 Positions | | | | | |
|---|------------------------------------|---|------------------------------------|--|--|
| 1 | President/CEO | 7 | Business Development Managers IV | | |
| 1 | Executive Vice President | 1 | Business Development Manager III | | |
| 2 | Vice Presidents | 3 | Market Researchers III | | |
| 3 | EDA Program Directors II | 3 | Market Researchers II | | |
| 1 | Director of Market Intelligence | 1 | Communications Manager | | |
| 1 | Communications Director | 1 | Information Systems Manager | | |
| 1 | Director of Administration | 1 | Executive Administrative Assistant | | |
| 1 | Events Director | 1 | Production/Graphics Manager | | |
| 1 | Assistant Director, Communications | 1 | Business Resources Manager | | |
| 4 | Business Development Managers V | 1 | Procurement Manager | | |
| All positions are Exempt | | | | | |

Performance Measurement Results

In FY 2020, the FCEDA Commission revised the metrics to include square footage of office space leased, renewed or purchased with assistance from the FCEDA. The commission continues to place a primary focus on diversifying the economy in the areas of emerging technologies, financial services, healthcare, and headquarters locations.

In FY 2021, the FCEDA will conduct research and program development related to the new talent attraction and retention program in order to develop metrics to be implemented in FY 2022.

| Indicator | FY 2017 Actual | FY 2018 Actual | FY 2019 Estimate/Actual | FY 2020 Estimate | FY 2021 Estimate |
|--------------------------------|----------------|----------------|-------------------------|------------------|------------------|
| Jobs from announcements | 7,639 | 11,408 | 11,000/9,829 | 9,500 | 7,500 |
| Office Square Footage Assisted | N/A | N/A | N/A | 2.07 million | 1.55 million |

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2021-adopted-performance-measures-pm>