

# Economic Development Authority

## Economic Development Authority

### Mission

To encourage and facilitate business and capital attraction, retention and development in all of the business markets throughout Fairfax County in order to expand the County's nonresidential tax base.

### Focus

The Fairfax County Economic Development Authority (FCEDA) is an independent authority legally created by an act of the Virginia General Assembly dated 1964, as amended. The Fairfax County Board of Supervisors appoints the seven members of the FCEDA's Commission, which in turn, appoints the FCEDA's president. The Board of Supervisors appropriates funds annually to the FCEDA for operating expenses incurred in carrying out its mission.



*In 2007, Time magazine described Fairfax County as "one of the great economic success stories of our time," in part due to the businesses attracted to the County by the efforts of FCEDA.*

The FCEDA provides direct assistance to businesses that intend to establish or expand their 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 office and industrial/hybrid (flex) real estate markets to provide new and expanding firms with commercial space options best suited to their needs.

The County's office space inventory stood at 107.2 million square feet at year-end 2007, up from 106.3 million square feet at mid-year. The flex space inventory rose slightly from 38.7 million square feet at mid-year to 38.8 million square feet at year-end.

The more than 900,000 square feet of new space added to the office inventory was largely responsible for the slight rise in the overall office vacancy rate from 10.2 percent at mid-year 2007 to 10.9 percent at the end of the year. The direct vacancy rate, which excludes sublet space, climbed as well—from 8.5 percent at mid-year 2007 to 9.2 percent at year-end. Similar slight increases in empty space were recorded in the flex market as well, with the overall vacancy rate growing from 8 percent at mid-year 2007 to 8.6 percent at year-end and the direct vacancy rate, from 7.2 percent at mid-year to 7.9 percent at year-end 2007.

Despite the climbing vacancy rates, lease rates have remained stable, especially for new space. Rather than dropping lease rates, developers are offering incentives such as free rent and additional tenant improvements to the space.

### THINKING STRATEGICALLY

Strategic challenges for the FCEDA include:

- Building on already strong business sectors including technology businesses, internationally-owned businesses, and woman- and minority- owned businesses;
- Continuing to attract venture capital to support the growth of business;
- Retaining businesses in the Tysons Corner market during transportation construction projects; and
- Maximizing opportunities that occur as a result of the Base Realignment and Closure Commission (BRAC) developments in Springfield and the Richmond Highway corridor.

# Economic Development Authority

As predicted in 2006, speculative development fell considerably in 2007. Looking ahead in 2008, a significant bump in the office vacancy rate is expected by the middle of the year as nearly 2 million square feet of new office space is due to deliver and the economy slows.

## New Initiatives and Recent Accomplishments in Support of the Fairfax County Vision

 <b>Maintaining Healthy Economies</b>	<b>Recent Success</b>	<b>FY 2009 Initiative</b>
Continue to pursue advertising and promotional strategies, building upon past campaigns, to enhance the image of Fairfax County as a primary business location and increase awareness of, and familiarity with, Fairfax County among site location decision-makers, business executives and capital sources nationally and worldwide.	☑	☑
Continue to focus advertising programming on new business attraction in national and international markets via print, radio, television and the Internet.	☑	☑
Expand advertising and promotional efforts to enhance the image of Fairfax County as a business and technology center to corporate executives and site location decision-makers in new markets that the EDA has targeted nationally and internationally.	☑	☑
Focus and increase business retention efforts with Tysons Corner companies to know their concerns, provide information about projects, describe initiatives and resources available from other sources, and ensure that they understand the opportunities that will develop as a result of the three major transportation construction projects scheduled to take place between 2007 and 2013. For companies that may decide to migrate from Tysons Corner during this process, the EDA will provide assistance to them in locating space in other areas of the County.	☑	☑
Continue to attract new jobs and venture capital to Fairfax County. In FY 2007, 7,140 jobs were created as a result of the EDA's efforts. The expansion of international companies resulted in 651 new jobs. Additionally, 1.46 percent of the national total in venture capital was invested in Fairfax County.	☑	☑
Continue to encourage retention and growth of local businesses, including minority-owned and woman-owned establishments. In FY 2007, FCEDA staff initiated 251 retention visits to businesses that resulted in a real estate requirement. Additionally, the number of minority-owned companies increased by 354.	☑	☑

# Economic Development Authority

 <b>Creating a Culture of Engagement</b>	<b>Recent Success</b>	<b>FY 2009 Initiative</b>
In FY 2001 the FCEDA conceived the Emerging Business Forum (EBF) to brand Fairfax County as the premiere location for minority businesses to grow and succeed. Since then, the FCEDA sponsored several EBF conferences and seminars with minority business organizations. During that time more than 2,500 minority-owned companies and 3,660 jobs were created in Fairfax County. In addition, in 2003 the EDA began holding monthly workshops entitled "Starting a Business in Fairfax County" for new businesses. Over 1,300 entrepreneurs have participated in these sessions. The EDA also partners with SCORE (Senior Corps of Retired Executives) to provide counseling services to small businesses.	☑	☑
Continue the business retention program. In FY 2007 the EDA began a business retention program to retain current businesses and promote their expansion within Fairfax County. Visits were made to 770 companies, 251 of which became prospects.	☑	☑

## Budget and Staff Resources

<b>Agency Summary</b>					
Category	FY 2007 Actual	FY 2008 Adopted Budget Plan	FY 2008 Revised Budget Plan	FY 2009 Advertised Budget Plan	FY 2009 Adopted Budget Plan
Authorized Positions/Staff Years					
Exempt	34/ 34	34/ 34	34/ 34	34/ 34	34/ 34
Expenditures:					
Personnel Services	\$2,613,273	\$3,008,726	\$2,978,181	\$3,039,808	\$3,079,791
Operating Expenses	4,009,921	3,665,092	3,665,092	3,665,092	3,665,092
Capital Equipment	5,145	0	0	0	0
<b>Total Expenditures</b>	<b>\$6,628,339</b>	<b>\$6,673,818</b>	<b>\$6,643,273</b>	<b>\$6,704,900</b>	<b>\$6,744,883</b>

<b>Position Summary</b>					
1	President/CEO	1	Market Researcher IV	1	Business Development Mgr. I
3	Vice Presidents	1	Market Researcher III	1	Production/Graphics Mgr.
1	Director of National Marketing	2	Market Researchers II	1	Procurement Manager
1	Director, Market Research/Real Estate	1	Market Researcher I	1	Executive Admin. Assistant
1	Director, Small/Minority Business	1	Communications Manager	1	Admin. Assistant, International
9	Business Development Managers IV	1	Information Systems Mgr.	1	Admin. Assistant, National
1	Business Development Manager III	1	Business Resources Mgr.	1	Public Information Assistant
1	Director of Administration	1	Business Development Mgr. II		
<b>TOTAL POSITIONS</b>					
<b>34 Positions / 34.0 Staff Years (All Exempt)</b>					

# Economic Development Authority

## FY 2009 Funding Adjustments

The following funding adjustments from the FY 2008 Revised Budget Plan are necessary to support the FY 2009 program:

- ◆ **Employee Compensation** **\$93,999**  
An increase of \$93,999 is associated with salary adjustments necessary to support the County's compensation program.
- ◆ **Personnel Services Reduction** **(\$62,917)**  
A decrease of \$62,917 in Personnel Services as part of an across-the-board reduction to meet budget limitations based on available revenues as a result of a continued softening of the residential real estate market.

### Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2009 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2008:

- ◆ **Personnel Services Adjustment** **\$43,136**  
An increase of \$43,136 in Personnel Services is associated with the decision by the Board of Supervisors to eliminate the 50 percent reduction to employee increases. A reduction to performance increases had been proposed in the FY 2009 Advertised Budget Plan due to budget constraints. However, as a result of the Board's decision, employees will be eligible for the full compensation increase for which they qualify based on performance.
- ◆ **Reduction in Limited-Term Funding** **(\$3,153)**  
A decrease of \$3,153 in Personnel Services is associated with a reduction in funding for limited-term support based on budget limitations.

## Changes to FY 2008 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2008 Revised Budget Plan since passage of the FY 2008 Adopted Budget Plan. Included are all adjustments made as part of the FY 2007 Carryover Review and all other approved changes through December 31, 2007:

- ◆ There have been no revisions to this agency since approval of the FY 2008 Adopted Budget Plan.

The following funding adjustments reflect all approved changes to the FY 2008 Revised Budget Plan from January 1, 2008 through April 21, 2008. Included are all adjustments made as part of the FY 2008 Third Quarter Review:

- ◆ **Third Quarter Adjustments** **(\$30,545)**  
As part of the FY 2008 Third Quarter Review, the Board of Supervisors approved a decrease of \$30,545 in Personnel Services as part of an across-the-board reduction necessary to address budget limitations resulting from declining revenues. This adjustment accelerated the Third Quarter Adjustments included for FY 2009 in the FY 2009 Adopted Budget Plan.

# Economic Development Authority

## Key Performance Measures

### Goal

To foster and promote the governmental, social, educational and environmental infrastructure to make Fairfax County a world-class, 21<sup>st</sup> Century business center and the global capital of the knowledge industry.

### Objectives

- ◆ To create 7,000 new jobs in FY 2009.
- ◆ To attract 1.45 percent of the total venture capital deals in the United States to Fairfax County businesses in FY 2009.
- ◆ To attract a net gain of 4 foreign-owned business to Fairfax County in FY 2009.
- ◆ To attract a net gain of 100 minority-owned business to Fairfax County in FY 2009.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate/Actual	FY 2008	FY 2009
<b>Output:</b>					
Business announcements	154	155	140 / 107	100	100
Companies entering incubator program (1)	5	8	NA / NA	NA	NA
Incubator graduates staying in Fairfax County (1)	1	0	NA / NA	NA	NA
<b>Efficiency:</b>					
Cost per job attracted	\$426	\$838	\$860 / \$938	\$935	\$964
<b>Outcome:</b>					
Jobs created	12,536	7,651	7,700 / 7,140	7,140	7,000
Market share of venture capital deals	1.66%	1.30%	1.40% / 1.46%	1.50%	1.45%
Foreign-owned companies	325	358	370 / 361	361	365
Minority-owned companies	3,533	3,792	4,000 / 4,146	4,300	4,400

(1) The incubator program was discontinued in FY 2007. No further data will be generated.

## Performance Measurement Results

Economic growth is slowing as the federal government continues to temper contract spending. This is reflected in the decrease in net new jobs created by the FCEDA from 7,651 in FY 2006 to 7,140 jobs in FY 2007. The number of business announcements in FY 2007 decreased 31 percent from 155 in FY 2006 to 107 in FY 2007. The number of announcements is expected to decrease to 100 in FY 2008 and FY 2009. In FY 2007, 1.46 percent of all of the venture capital that was invested in the U.S. was invested in Fairfax County. The percentage of the market share of venture capital funds in the United States that is projected to be attracted by Fairfax County businesses is an outcome measure that reflects the deals attracted in Fairfax County as a percentage of the total number of venture capital deals in the United States compared to a rolling four-year average. In FY 2004, the FCEDA Commission approved this change in the venture capital outcome measure from a percentage of investment dollars to a percentage of the total number of deals in the United States.