

Economic Development Authority

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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.

The FCEDA provides direct assistance to businesses that intend to establish or expand their operations in the County and assists businesses with information provision, site location assistance, introductions to needed services and financing sources, and more.

The FCEDA closely tracks the County's office and industrial/hybrid (flex) real estate markets to help businesses relocate or expand into commercial space best suited to their needs. The County's office space inventory stood at 103.5 million square feet at year-end 2005. Building deliveries at year-end 2005 totaled 1.4 million square feet. An additional 2.1 million square feet in 24 buildings were under construction at year-end 2005. Typically, it takes between 12 and 18 months from groundbreaking to deliver a new office building. New office construction contributes vital revenue to the Fairfax County tax base and enables the County to provide a range and volume of high-quality public services without adding to the burden of residential taxpayers.

From an absorption (leasing) prospective, the office market in Fairfax County continued to show strong signs of rebounding at year-end 2005. Total leasing activity in the County topped 9.7 million square feet, the fourth highest total ever recorded by the FCEDA. This rise in activity pushed the overall County vacancy rate (which includes sublet space) down from 11.6 percent at year-end 2004 to 9.7 percent at year-end 2005. The majority of future leasing activity is anticipated to continue to center around the submarkets along the Dulles Toll Road and the Route 28 corridor. This is due to the large blocks of available space remaining in those submarkets and the absence of any new sizable office space deliveries in the near future.

Demand for office space in Fairfax County has increased in the past three years and shows no sign of weakening in the near future. Several large-scale speculative office projects broke ground in 2006 with projected deliveries in 2007. Vacancy rates are expected to continue to decline throughout 2006. If demand remains strong and vacancy rates continue to drop at the current pace, the County's office development market could once again experience a surge in large-scale (more than 100,000 square feet) speculative development.

THINKING STRATEGICALLY

Strategic challenges for the FCEDA include:

- o Maximizing opportunities that occur as a result of the Base Realignment and Closure Commission (BRAC) developments in the Richmond Highway corridor;
- o Building on already strong business sectors including technology businesses, internationally-owned businesses, and woman- and minority- owned businesses;
- o Continuing to attract venture capital to support the growth of business; and
- o Growing the biotechnology industry in Fairfax County.

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

|  Maintaining Healthy Economies | Recent Success | FY 2007 Initiative |
|--|-----------------------|---------------------------|
| 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. | ✓ | ✓ |
| Hired in-country representatives in Tel Aviv, Israel and Bangalore, India. The total number of overseas offices is now five. These contractors will identify firms that are ready to move to the U.S. market and will promote Fairfax County as a business location. The main objectives will be to generate new jobs and capital investment in Fairfax County. | ✓ | ✓ |
| Continue to develop the BioAccelerator as a focal point and catalyst for growth of bioinformatics and the biotechnology industry in Fairfax County. The BioAccelerator will attract and support the growth of such companies, creating a new employment base for the Springfield community and further diversifying the Fairfax County economic base. | ✓ | ✓ |
| Continue to attract new jobs and venture capital to Fairfax County. In FY 2005, 14,536 jobs were created as a result of the EDA's efforts and 1.7 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. | ✓ | ✓ |
| Open and operate an office in the Silicon Valley (California) to attract business expansion opportunities. | ✓ | ✓ |
|  Creating a Culture of Engagement | Recent Success | FY 2007 Initiative |
| The FCEDA conceived and successfully hosted the Emerging Business Forum in Fairfax County in FY 2001, 2002, 2003 and 2004 to brand Fairfax County as the premiere location for minority businesses to grow and succeed. In FY 2005 and FY 2006, the FCEDA sponsored Emerging Business Forum seminars with minority business organizations to focus attention on Fairfax County as the premiere location for minority businesses. | ✓ | ✓ |

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Budget and Staff Resources

| Agency Summary | | | | |
|----------------------------------|--------------------|-----------------------------|-----------------------------|--------------------------------|
| Category | FY 2005 Actual | FY 2006 Adopted Budget Plan | FY 2006 Revised Budget Plan | FY 2007 Advertised Budget Plan |
| Authorized Positions/Staff Years | | | | |
| Exempt | 34/ 34 | 34/ 34 | 34/ 34 | 34/ 34 |
| Expenditures: | | | | |
| Personnel Services | \$2,320,754 | \$2,673,686 | \$2,673,686 | \$2,862,143 |
| Operating Expenses | 3,873,456 | 3,739,699 | 3,739,699 | 3,766,199 |
| Total Expenditures | \$6,194,210 | \$6,413,385 | \$6,413,385 | \$6,628,342 |

| Position Summary | | | | |
|---|--------------------------------|----------------------------------|----------------------------|--|
| 1 Director (President) E | 1 Director of Major Business E | 1 Computer Systems Analyst II E | | |
| 1 Director of Communications E | 1 Project Coordinator E | 1 Management Analyst II E | | |
| 1 Director of International Marketing (Vice President, Marketing) E | 1 Planner IV E | 2 Administrative Assistants V E | | |
| 1 Director of National Marketing E | 13 Planners III E | 2 Administrative Assistants IV E | | |
| 1 Program Director (Vice President, Management) E | 1 Planner II E | 1 Administrative Assistant III E | | |
| | 2 Planners I E | 1 Administrative Associate E | | |
| | 1 Information Officer III E | 1 Manpower Specialist I E | | |
| TOTAL POSITIONS | | | | |
| 34 Positions / 34.0 Staff Years | | | E Denotes Exempt Positions | |

FY 2007 Funding Adjustments

The following funding adjustments from the FY 2006 Revised Budget Plan are necessary to support the FY 2007 program:

- ◆ **Employee Compensation** **\$188,457**
An increase of \$188,457 is associated with salary adjustments necessary to support the County's compensation program.
- ◆ **Community Business Partnership** **\$67,500**
An increase of \$67,500 in Operating Expense contributions to the Community Business Partnership (CBP) will increase the total County contribution to \$275,750. Fairfax County has provided level funding of \$208,250 for the CBP since FY 2002. CBP was formed in 1995 to create and foster opportunities for small business in Fairfax County, primarily among low and moderate-income individuals. The additional funds of \$67,500 includes \$32,500 for increased operating expenses and \$35,000 for two employees due to the increase in clients who need assistance regarding services offered by the various programs.
- ◆ **Operating Expenses Adjustments** **(\$41,000)**
A net decrease of \$41,000 in Operating Expenses includes moving funding of \$25,000 for the Greater Reston Incubator to the Contributory fund and funding of \$20,000 for the Reston Visitors Center to the Convention and Visitors Center. These decreases are partially offset by an increase of \$1,231 in intergovernmental charges for Information Technology charges based on the agency's historic usage and an increase of \$2,769 for the Department of Vehicle Services charges based on historic usage.

Changes to FY 2006 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2006 Revised Budget Plan since passage of the FY 2006 Adopted Budget Plan. Included are all adjustments made as part of the FY 2005 Carryover Review and all other approved changes through December 31, 2005:

- ◆ There have been no revisions to this agency since approval of the FY 2006 Adopted Budget Plan.

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Key Performance Measures

Goal

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

Objectives

- ◆ To create 13,500 new jobs in FY 2007.
- ◆ To attract 1.70 percent of the total venture capital deals in the United States to Fairfax County businesses.
- ◆ To attract a net gain of 15 foreign-owned business to Fairfax County.
- ◆ To attract a net gain of 300 minority-owned business to Fairfax County.

| Indicator | Prior Year Actuals | | | Current Estimate | Future Estimate |
|---|--------------------|----------------|-------------------------|------------------|-----------------|
| | FY 2003 Actual | FY 2004 Actual | FY 2005 Estimate/Actual | FY 2006 | FY 2007 |
| Output: | | | | | |
| Business announcements | 145 | 106 | 169 / 154 | 165 | 175 |
| Companies entering incubator program | 15 | 2 | 3 / 5 | 5 | 5 |
| Incubator graduates staying in Fairfax County | 4 | 1 | 2 / 1 | 3 | 3 |
| Efficiency: | | | | | |
| Cost per job attracted | \$911 | \$766 | \$796 / \$426 | \$475 | \$475 |
| Outcome: | | | | | |
| Jobs created | 6,827 | 8,691 | 7,785 / 14,536 | 13,500 | 13,500 |
| Market share of venture capital deals | NA | 1.40% | 1.54% / 1.66% | 1.70% | 1.70% |
| Foreign-owned companies | 243 | 292 | 305 / 325 | 340 | 355 |
| Minority-owned companies | 2,847 | 3,233 | 3,600 / 3,533 | 3,850 | 4,150 |

Performance Measurement Results

The economy continues to improve, fueled by federal contracting, and shows, as reflected in the increase in jobs created by the FCEDA from 8,691 in FY 2004 to 14,536 in FY 2005. The number of business announcements exceeded the FY 2004 actual of 106 by 48 to 154 for FY 2005 and is expected to increase to 165 in FY 2006 and 175 in FY 2007.

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 a newly revised outcome measure. The indicator 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.