

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 County's office inventory stood at 102.1 million square feet at year-end 2004. Building deliveries at year-end 2004 totaled 761,845 square feet. An additional 1,595,949 square feet in 13 buildings were under-construction at year-end 2004. Projected new office deliveries for 2005 are expected to total approximately 1,320,167 square feet based on buildings that were currently under construction as of year-end 2004. Typically it takes between 12 and 18 months from groundbreaking to deliver a new office building. Currently there are three new office projects under construction totaling 275,782 square feet and due to deliver in 2006. New office construction contributes vital new revenue to the Fairfax County tax base and enables the County to provide a range and quantity 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 2004. Total leasing activity in the County topped 10.8 million square feet, the second highest total ever recorded by the FCEDA. This rise in activity pushed the overall County vacancy rate (which includes sublet space) down from 15.6 percent at year-end 2003 to 11.6 percent at year-end 2004. The majority of future leasing activity should 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.

All indications point to a gradual recovery. Lease rates have stabilized and have begun to slowly increase. Sublet space is steadily being absorbed or returned to the landlord in the form of relet space. Office leasing has increased each of the last two years and speculative construction has been relatively stagnant. If both of these factors remain constant, the vacancy rate should continue to decline barring any further downturns in the economy or a major upswing in speculative office development.

THINKING STRATEGICALLY

Strategic challenges for the FCEDA include:

- o Reducing the 11.8 million square feet of vacant office space to generate demand for new construction;
- 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 bioinformatics 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 2006 Initiative	Cost Center
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.	✓	✓	Administration
Continue to focus advertising programming on new business attraction in national and international markets via print, radio, television and the Internet.	✓	✓	Administration
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.		✓	Administration
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 US 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.	✓		Administration
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.	✓	✓	Administration
Continue to attract new jobs and venture capital to Fairfax County. In FY 2004, 8,691 jobs were created as a result of the EDA's efforts and \$195.2 million in venture capital was invested in Fairfax County.	✓	✓	Administration
Continue to encourage retention and growth of local businesses, including minority-owned and woman-owned establishments, as well as to continue to clarify the FCEDA's role in revitalizing the County's older commercial areas.	✓	✓	Administration
Aggressively promote Fairfax County as a desirable place for national and international businesses to locate, and/or invest, as well as promote further expansion of existing business operations, meetings and seminars.	✓	✓	Administration

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 Creating a Culture of Engagement	Recent Success	FY 2006 Initiative	Cost Center
The EDA 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, sponsored Emerging Business Forum seminars with minority business organization to focus attention on Fairfax County as the premiere location for minority businesses. In FY 2006, EDA will continue to attract and support minority business through the Emerging Business Forum.	☑	☑	Administration
Continue to fund and support the Community Business Partnership, which provides assistance to minority and women-owned businesses in southern Fairfax County.	☑	☑	Administration
Continue to support the Reston Visitors' Center, Greater Washington Initiative and the Community Business Partnership as approved by the Fairfax County Board of Supervisors.	☑	☑	Administration

Budget and Staff Resources

Agency Summary					
Category	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Authorized Positions/Staff Years					
Exempt	33/ 33	33/ 33	34/ 34	34/ 34	34/ 34
Expenditures:					
Personnel Services	\$2,298,262	\$2,443,592	\$2,443,592	\$2,673,686	\$2,673,686
Operating Expenses	4,360,991	3,725,622	3,750,622	3,839,699	3,739,699
Total Expenditures	\$6,659,253	\$6,169,214	\$6,194,214	\$6,513,385	\$6,413,385

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			
	13 Planners III E	2 Administrative Assistants IV E			
1 Director of National Marketing E	1 Planner II E	1 Administrative Assistant III E			
1 Program Director (Vice President, Management) 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					

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FY 2006 Funding Adjustments

The following funding adjustments from the FY 2005 Revised Budget Plan are necessary to support the FY 2006 program:

- ◆ **Employee Compensation** **\$230,094**
An increase of \$230,094 is associated with salary adjustments necessary to support the County's compensation program.
- ◆ **Operating Expense Adjustments** **\$89,077**
A net increase of \$89,077 in Operating Expenses includes an increase of \$100,000 for a California representative to promote Fairfax County as a business location, offset by a net decrease of \$10,923 for Information Technology-related charges and Department of Vehicle Service charges.

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2006 Advertised Budget Plan, as approved by the Board of Supervisors on April 25, 2005:

- ◆ **California Representative** **(\$100,000)**
Funding of \$100,000 is eliminated for a California representative to promote Fairfax County. Should EDA determine that the California representative is a priority, reallocation of existing funding must be identified to support this initiative.

Changes to FY 2005 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2005 Revised Budget Plan since passage of the FY 2005 Adopted Budget Plan. Included are all adjustments made as part of the FY 2004 Carryover Review and all other approved changes through December 31, 2004:

- ◆ **Position Adjustment** **\$0**
In FY 2005, the County Executive approved the redirection of 1/1.0 SYE position from the County's position pool to the FCEDA for conducting research for marketing initiatives and serving as a liaison to County agencies. There was no corresponding funding adjustment associated with this position redirection.
- ◆ **Carryover Adjustments** **\$25,000**
As part of the FY 2004 Carryover Review, the Board of Supervisors approved additional funding of \$25,000 to support the Reston Incubator Program. The Incubator Program of the Greater Reston Chamber of Commerce assists entrepreneurs in forming and developing high-growth businesses in various sectors of the regional economy including technology, government services and supporting industries.

The following funding adjustments reflect all approved changes to the FY 2005 Revised Budget Plan from January 1, 2005 through April 18, 2005. Included are all adjustments made as part of the FY 2005 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this agency.

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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 9,000 new jobs in FY 2006.
- ◆ To attract 1.60 percent of the market share of the number of venture capital deals in the United States against a national four-year rolling average to Fairfax County.
- ◆ To attract a net gain of 15 foreign-owned business to Fairfax County.
- ◆ To attract a net gain of 100 minority-owned business to Fairfax County.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate/Actual	FY 2005	FY 2006
Output:					
Business announcements	146	145	90 / 106	169	185
Companies entering incubator program	11	15	10 / 2	3	3
Incubator graduates staying in Fairfax County	1	4	5 / 1	2	3
Efficiency:					
Cost per job attracted	\$515	\$911	\$619 / \$766	\$796	\$713
Outcome:					
Jobs created	12,732	6,827	10,000 / 8,691	7,785	9,000
Market share of venture capital deals	NA	NA	1.40% / 1.40%	1.54%	1.60%
Minority-owned companies	1,700	2,847	3,233 / 3,233	3,600	3,700
Foreign-owned companies	260	243	292 / 292	305	320

Performance Measurement Results

The economy has begun to improve as reflected in the increase in jobs created from 6,827 in FY 2003 to 8,691 in FY 2004. The number of business announcements (106) exceeded the projection for FY 2004 and is expected to increase to 169 in FY 2005 and 185 in FY 2006. 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.