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 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 topped 112.6 million square feet at year-end 2009, an increase of nearly 1.1 million square feet to the office space inventory over the previous six-month period. The countywide flex space inventory actually declined from 38.8 million square feet at mid-year 2009 to 38.7 million square feet at the close of 2009, owing to the demolition of approximately 50,000 square feet of space in Merrifield.

The overall office vacancy rate (including sublet space) rose to 16.4 percent over the last half of 2009, up from 15.4 percent during the first half of the year; the year-end 2009 figure is the highest level on record since year-end 2003. The direct office vacancy rate climbed as well, from 12.7 percent at mid-year 2009 to 14.0 percent at the end of the year.

Vacancy rates were up across the board in the flex market at the close of 2009. However, the increases were not nearly as dramatic as those experienced during the first half of the year. The direct flex vacancy rate rose from 11.5 percent at mid-year 2009 to 12.3 percent at year-end. The overall flex vacancy rate climbed from 12.4 percent at mid-year to 13.8 percent during the last half of 2009.

Following a significant decrease during the first half of 2009, lease rates leveled off towards the last half of the year. Landlords avoided dropping lease rates in favor of implementing incentives, such as increases in tenant improvement allowances, as well as giving free rent in the case of larger long-term deals. No new speculative developments broke ground during the last half of 2009.

In 2010, this trend is expected to continue until the financial markets improve. The vacancy rate, which climbed from mid-year to year-end 2009 as predicted, also is expected to rise at least through mid-year 2010, albeit at a much slower rate. Distressed commercial office sales were minimal through the last half of 2009. Possible defaults are expected to be limited in 2010. This is due in large part to an increase in real estate investment trusts nationally and initiatives put in place by the Federal Reserve Bank to address potential commercial refinancing issues.

Budget and Staff Resources

Agency Summary					
Category	FY 2009 Actual	FY 2010 Adopted Budget Plan	FY 2010 Revised Budget Plan	FY 2011 Advertised Budget Plan	FY 2011 Adopted Budget Plan
Authorized Positions/Staff Years					
Exempt	34/ 34	34/ 34	34/ 34	34/ 34	34/ 34
Expenditures:					
Personnel Services	$2,900,782	$3,137,414	$3,137,414	$3,137,414	$3,137,414
Operating Expenses	3,709,305	3,660,092	3,655,004	3,658,092	3,658,092
Capital Equipment	0	0	5,088	0	0
Total Expenditures	**$6,610,087**	**$6,797,506**	**$6,797,506**	**$6,795,506**	**$6,795,506**

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

FY 2011 Funding Adjustments

The following funding adjustments from the FY 2010 Adopted Budget Plan are necessary to support the FY 2011 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 April 27, 2010.

- **Employee Compensation** **$0**
  It should be noted that no funding is included for pay for performance or market rate adjustments in FY 2011.

- **Department of Vehicle Services** **($2,000)**
  A decrease of $2,000 in Operating Expenses is associated with anticipated requirements for fuel, vehicle replacement, and maintenance charges.

- **Reductions** **$0**
  It should be noted that no reductions to balance the FY 2011 budget are included in this agency based on the limited ability to generate additional personnel savings in FY 2011.

Changes to FY 2010 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2010 Revised Budget Plan since passage of the FY 2010 Adopted Budget Plan. Included are all adjustments made as part of the FY 2009 Carryover Review, FY 2010 Third Quarter Review, and all other approved changes through April 20, 2010.

- There have been no adjustments to this agency since approval of the FY 2010 Adopted Budget Plan.

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 5,200 new jobs in FY 2011.
- To attract 1.22 percent of the total venture capital deals in the United States to Fairfax County businesses in FY 2011.
- To attract a net gain of 8 foreign-owned businesses to Fairfax County in FY 2011.
- To attract a net gain of 30 minority-owned businesses to Fairfax County in FY 2011.

Indicator	Prior Year Actuals FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate/Actual	Current Estimate FY 2010	Future Estimate FY 2011
Output:					
Business announcements	107	98	100 / 110	112	115
Efficiency:					
Cost per job attracted	$938	$1,072	$1,499 / $1,534	$1,431	$1,288
Outcome:					
Jobs created	7,140	6,199	4,500 / 4,309	4,750	5,200
Market share of venture capital deals	1.46%	1.25%	1.31% / 1.17%	1.20%	1.22%
Foreign-owned companies	361	362	360 / 355	365	373
Minority-owned companies	4,146	3,953	3,925 / 4,845	4,870	4,900

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 6,199 in FY 2008 to 4,309 in FY 2009. The number of business announcements in FY 2009 increased 12 percent from 98 in FY 2008 to 110 in FY 2009. The number of announcements is expected to increase slightly to 112 in FY 2010 and to 115 in FY 2011.

In FY 2009, 1.17 percent of all 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.