

# Fairfax County, Virginia



## **LINES OF BUSINESS** *January 2016*

### **ECONOMIC DEVELOPMENT AUTHORITY**

*County Lines of Business (LOBs)  
Presentation to the Board of Supervisors*



[www.fairfaxcounty.gov/budget/2016-lines-of-business.htm](http://www.fairfaxcounty.gov/budget/2016-lines-of-business.htm)



# OUTLINE OF TODAY'S PRESENTATION

1. Overview of the Fairfax County Economic Development Authority (FCEDA)
2. High level view of our Line of Business
3. How our Line of Business relates to the County Vision Elements
4. Metrics
5. Trends and Challenges
6. Looking Forward
7. Discussion

*Note: See [www.fairfaxcounty.gov/budget/2016-lines-of-business.htm](http://www.fairfaxcounty.gov/budget/2016-lines-of-business.htm) to access all LOBs documents and presentations.*



# OVERVIEW

- The mission of the FCEDA:

**To expand the County's nonresidential tax base through business and capital attraction, business retention and support for the growth of new companies.**

- The FCEDA fills office space, thereby creating demand for the new commercial 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.
- The FCEDA has been successful in its efforts to promote Fairfax County as a business location. *Time* magazine has called Fairfax County "one of the great economic success stories of our time." *Site Selection* magazine named the FCEDA one of the top 10 economic development groups in North America.



# OVERVIEW

- In addition to its location in Tysons Corner, the FCEDA has offices in Bangalore, London, Los Angeles, Munich, Seoul and Tel Aviv that send companies from those markets to Fairfax County.
- The FCEDA operates under the direction of a seven-member commission comprised of business men and women appointed by the Fairfax County Board of Supervisors. The commission ensures that the business community provides counsel and direction to the marketing program of the FCEDA. The commission meets monthly.
- The FCEDA continues a 35-year marketing, public relations and outreach program to its key markets.
- The FCEDA is focused on both its traditional business strengths, as well as new growth industries such as cloud computing and data analytics, cybersecurity and translational medicine to further diversify the county's economic business base.



# RESOURCES

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
<b>FUNDING</b>			
<b><u>Expenditures:</u></b>			
Compensation	\$3,554,333	\$3,570,329	\$3,575,058
Operating Expenses	3,733,742	3,765,591	3,888,092
<b>Total Expenditures</b>	<b>\$7,288,075</b>	<b>\$7,335,920</b>	<b>\$7,463,150</b>
<b>POSITIONS</b>			
<i>Authorized Positions/Full-Time Equivalents (FTEs)</i>			
<b><u>Positions:</u></b>			
Exempt	35 / 35	35 / 35	36 / 36
<b>Total Positions</b>	<b>35 / 35</b>	<b>35 / 35</b>	<b>36 / 36</b>



# LINE OF BUSINESS SUMMARY

- The FCEDA provides direct assistance to new companies that intend to establish their operations in the county, and assists existing businesses that plan to expand their operations within the county.
- Three marketing divisions -- National, International, and Business Diversity -- work with companies interested in opening or expanding and relocating businesses to Fairfax County. The FCEDA also has market intelligence, real estate services and communications divisions.
- The FCEDA is firmly committed to ensuring that the economic growth in the county extends to all parts of the business community and Fairfax County. Various programs are designed to ensure that small, woman-, minority- and veteran-owned businesses are able to take part in that growth.



# LINE OF BUSINESS SUMMARY

- Fairfax County is home to the largest number of minority-owned businesses in the Commonwealth of Virginia, and the largest number of minority-owned payroll firms in the Washington, D.C., metropolitan area.
- The FCEDA works in concert with George Mason University, Northern Virginia Community College, Inova Health System, the Minority Supplier Development Council, the Washington Airports Task Force and many others.
- Companies are attracted to our public schools, well-educated workforce, diverse real estate opportunities, access to global markets through Washington Dulles International Airport, and a business community based on technology and professional services.



# LINES OF BUSINESS SUMMARY

- The county remains the top destination in the nation for federal procurement dollars, and federal contracting will continue to be a prime generator of our local economy with major firms.





## LINE OF BUSINESS SUMMARY

- The FCEDA has attracted headquarters operations of several companies that have little to no connection with federal procurement. This helps create a more stable and more diverse economy.



- While most of the economy is comprised of small businesses, large companies spin off jobs and wealth in secondary and tertiary markets.



# LINE OF BUSINESS SUMMARY

- Fairfax County provides 24 percent of all the income tax in the state of Virginia and receives approximately \$0.19 for every dollar. Sixty-six percent of Fairfax County's general fund comes from the real estate tax base.
- Businesses contribute more in tax dollars than they take back in public services and help to reduce the cost of public services for residents, who take back far more than they pay in taxes.
- As a result, the real estate tax rate in Fairfax County has been reduced from \$1.74 (1976) to \$1.42 (1984) to today's rate of \$1.09. This is made even more impressive by the growth of public service costs for a rapidly growing and an increasingly diversifying population.
- Business taxes helps the Board of Supervisors to fund schools, libraries, public safety, roads, parks and many other county services.



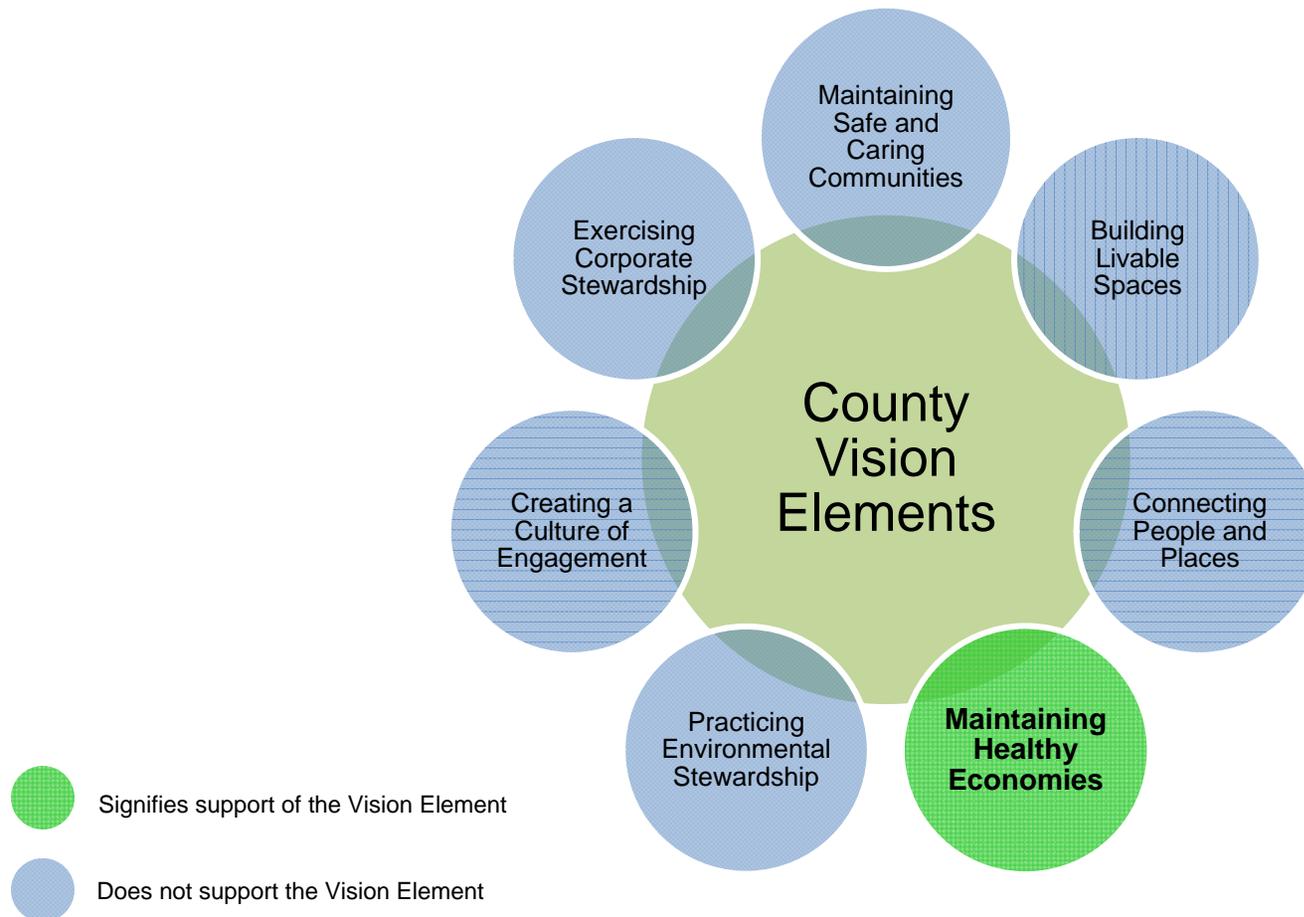
# LINE OF BUSINESS SUMMARY

- Business taxes help the Board of Supervisors fund schools, libraries, public safety, roads, parks and many other county services.
- The FCEDA operates a Capital Attraction program and has, over the years, brought more than 30 venture capital firms to Fairfax County.



# COUNTY VISION ELEMENTS

- The purpose of the LOBs process and the validation process performed by staff and management is to array the relevance of all LOBs according to the County's Vision Elements. Our LOB supports:





# METRICS

LOB Number	E1616								
LOB Title:	Economic Development Authority								
LOB Metric #	LOB Metric Indicator	Indicator Type	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate	Comments	
10001-1616-01	Jobs Created	Outcome	9,027	6,787	7,976	6,425	6,300	Number of jobs that are new or expansions within Fairfax County	
10001-1616-01	Retention Conversions	Outcome	313	245	286	260	250	Number of company visits that result in a decision to remain in Fairfax County	



# TRENDS AND CHALLENGES

- The number of new jobs created in FY 15 (7,976) increased over the number created in FY 14 (6,787).
  - Companies are decreasing their real estate footprint
  - Location decisions tend to be smaller and have longer time frames
  - There is consolidation in IT and government contracting
- For decades the FCEDA has sought to diversify the economy away from dependence on government contracting. Examples of this success are Volkswagen, Bechtel, Capital One, Hilton, Intelsat and Cvent.
- There are 20 million square feet of vacant office space on an inventory of 116 million square feet. In Tysons Corner some of the vacancies are the result of companies leaving older space, moving to new buildings, thereby leaving older class B and C office space to be marketed. Additionally, there are almost 15 million square feet of vacant office space throughout the rest of Northern Virginia.



# TRENDS AND CHALLENGES

- Fairfax County has become a target for other jurisdictions economic development and marketing programs, including jurisdictions in Virginia.
- There is uncertainty about additional rounds of federal sequestration.
- The FCEDA has offset the rising costs of advertising placements by employing newer technologies and internet advertising. However, the cost of digital advertising is increasing because of competition for that space.
- Inova's acquisition of the former Exxon Mobil campus in Merrifield provides the FCEDA an opportunity to attract and grow translational medicine companies in Fairfax County.
- There is the potential for a new round of BRAC impacts in the next few years.



# LOOKING FORWARD

- The FCEDA Commission has endorsed shifting focus for the FCEDA. This includes emphasis on new growth industries, increased collaboration with institutional parties, e.g., Inova and GMU, and a narrowing of FCEDA activities. This enables staff to focus entirely on filling the 20 million square feet of office space.
- Given the level of vacant office space, the increasing cost of advertising, and the dramatically increased competition, the cost of reaching businesses and decision-makers is increasing.



# DISCUSSION

