

Economic Development Authority

Mission To promote the competitive advantage of Fairfax County and influence the growth of a diverse and innovative ecosystem that enhances the tax base, creates demand for commercial space, and supports an extraordinary and equitable quality of life across Fairfax County.

Focus The Fairfax County Economic Development Authority (FCEDA) was created by an act of the Virginia General Assembly in 1964, and the Authority commemorated its 50th anniversary in 2014. The Fairfax County Board of Supervisors appoints the seven members of the FCEDA's Commission, which in turn, appoints the FCEDA's president and CEO. The Board of Supervisors appropriates funds annually to the FCEDA for its personnel and programs.

The FCEDA accomplishes its objectives through well-established strategic alliances with organizations and institutions throughout Fairfax County, the state, and the region. The FCEDA's strategic plan is to diversify the County's economy by attracting jobs in technology, financial services, health care, and headquarters locations, and to increase innovation by attracting start-up companies.

Historically, the focus of all programs of the FCEDA has been to market office space and reduce the vacancy rate in order to stimulate new 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. In recent years, with continuing low unemployment rates, the ability of companies to hire workers has been an important factor in attracting and retaining businesses. To address this need, the Board of Supervisors and the FCEDA Commission have provided a new focus in the area of talent management. This is a top priority in working with technology companies in particular. The FCEDA has received additional funding for a talent initiative and this has become a vital complement to existing FCEDA services to businesses.

The FCEDA provides direct assistance to businesses that are considering establishing or expanding their business 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 real estate markets to provide new and expanding firms with commercial space options best suited to their needs. The businesses are then fully informed to make the site decision that best suits their needs. With the exception of fees for revenue bonds, all other services of the FCEDA are provided without charge and in the strictest confidence.

Fairfax County continued to see a decline in leasing activity during the first half of 2021, as companies delayed "return to office" plans. In a typical pre-pandemic year, the local office market will record an average of ten office leases of more than 100,000 square feet. So far, FCEDA has only recorded two, with Airbus Americas renewing their 119,000 square-foot U.S. headquarters and L3Harris renewing their existing Herndon office. While there were no "new-to-market" leases over 100,000 square feet, a couple of prominent names decided to move their headquarters to Fairfax County, with Guidehouse taking 75,000 square feet in Tysons and Starkist taking 24,000 square feet in Reston. The expectation is that office leasing activity will remain low through the rest of 2021, with many industry experts viewing 2022 as the beginning of the office market recovery.

The lack of large leases throughout Fairfax County was reflected in the overall leasing in the first half of 2021, as office leasing totaled 2.2 million square feet. This figure is an increase from the back half of 2020, which saw 1.9 million square feet of office leasing activity but is still considerably down from pre-pandemic levels. The lack of office leasing activity and continuation of large office tenants vacating or reducing space led to a sharp increase in the direct vacancy rate, increasing from 14.6 percent at the end of 2020 to 16.0 percent at the end of 2021. The overall office vacancy rate, which includes empty sublet space, was 17.0 percent at year-end, up from 15.5 percent recorded at year-end 2020. The amount of vacant unleased office space stood at 20.3 million square feet.

The County's office inventory increased for the sixth year in a row, crossing the 119.3 million square foot mark. The net increase of 107,351 square feet from the year-end 2020 total is attributed to two metro-adjacent office projects delivering in the back half of 2021. The first phase of RTC Next, at the future Reston Town Center Metro station delivered 623,000 square feet of office space, with Fannie Mae and Volkswagen Group of America as the anchor tenants. The other project, located at 1902 Reston Metro Plaza, delivered 250,000 square feet next to the Wiehle-Reston East Metro Station and will be the future headquarters for ICF.

The two office projects were able to deliver within their pre-pandemic timelines, due to on-site health and safety standards and the County's shift to additional online development services. The current office construction projects have also not reported any major delays, as the County still has 2.1 million square feet under construction across six buildings. At the current construction square footage total, Fairfax County ranks 21st nationally, against markets like New York and Chicago.

As office demand waned throughout the pandemic, data center demand has dramatically increased in the industrial districts of Fairfax County. Land prices, existing infrastructure, and site availability spiked development interest, especially in the western portion of the County. FCEDA staff responded in 2021 by developing market knowledge and relationships across data center-related stakeholders, to assist in site selection, and to act as a liaison throughout the development process.

In addition to working to attract and retain information technology and professional services that are the bulk of the County's traditional business base, the FCEDA targets strong and comparable U.S. and global markets and industries to accelerate the process of business attraction. The FCEDA also pursues new business sectors including artificial intelligence, cybersecurity, data analytics and cloud computing, health IT and virtual reality. This effort reflects the FCEDA's objective to further diversify the County's economic base.

The FCEDA has had recent successes in a wider range of industry sectors, as well as the traditional economic base in the government contractor sector. There is continued growth of international businesses as well. The FCEDA's focus on small, minority-owned, woman-owned, and veteran-owned businesses has created a strong base of diversely owned companies. The FCEDA is focused on retaining and attracting companies in those sectors.

The FCEDA has a dedicated director for the new talent attraction and retention initiative. Responsibilities include staging virtual career fairs, development of a talent website with job listings from around Northern Virginia, collaboration with area colleges and universities, and engagement with companies who are hiring to ensure career opportunities are reaching a wide range of potential talent pools.

Budget and Staff Resources

Category	FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised
FUNDING				
Expenditures:				
Personnel Services	\$4,075,520	\$4,093,924	\$4,131,924	\$4,349,806
Operating Expenses	4,790,323	4,788,092	4,938,092	4,788,347
Total Expenditures	\$8,865,843	\$8,882,016	\$9,070,016	\$9,138,153
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Exempt	36 / 36	36 / 36	36 / 36	36 / 36

FY 2023 Funding Adjustments

The following funding adjustments from the FY 2022 Adopted Budget Plan are necessary to support the FY 2023 program:

Employee Compensation \$255,882
 An increase of \$255,882 in Personnel Services includes \$164,166 for a 4.01 percent market rate adjustment (MRA) for all employees and \$91,716 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2022.

Department of Vehicle Services Charges \$255
 An increase of \$255 in Department of Vehicle Services charges is based on anticipated billings for maintenance and operating-related charges.

Changes to FY 2022 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the FY 2021 Carryover Review, FY 2022 Mid-Year Review, and all other approved changes through December 31, 2021:

Carryover Adjustments \$188,000
 As part of the FY 2021 Carryover Review, the Board of Supervisors approved funding of \$38,000 in Personnel Services for a one-time compensation adjustment of \$1,000 for merit employees and \$500 for non-merit employees paid in November 2021. The remaining amount of \$150,000 is for the cost of a market assessment of the Springfield-Franconia submarket.

Position Detail

The FY 2023 Advertised Budget Plan includes the following positions:

ECONOMIC DEVELOPMENT AUTHORITY – 36 Positions			
1	President/CEO	8	Business Development Managers IV
1	Executive Vice President	1	Business Resources Manager
3	Vice Presidents	2	Market Researchers III
3	EDA Program Directors II	3	Market Researchers II
1	Director of Market Intelligence	1	Communications Manager
1	Director of Operations	1	Information Systems Manager
1	Events Director	1	Executive Administrative Assistant
1	Assistant Director, Communications	1	Production/Graphics Manager
4	Business Development Managers V	1	Associate Business Development Manager
		1	Procurement Specialist
All positions are Exempt			

Performance Measurement Results

In FY 2019, the FCEDA Commission revised the metrics to include square footage of office space leased, renewed, or purchased with assistance from the FCEDA. The commission continues to place a primary focus on diversifying the economy in the areas of emerging technologies, financial services, healthcare, and headquarters locations.

In FY 2020, the FCEDA conducted research and program development related to the new talent attraction and retention program. In FY 2021, programming pivoted to meet recruitment needs due to the COVID-19 pandemic.

In FY 2021, the FCEDA engaged a consultant to conduct an analysis of the impact of the COVID-19 pandemic on Fairfax County employment and commercial real estate. Performance measurements were developed based upon this analysis.

Indicator	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Jobs from announcements	9,829	10,873	7,500	9,213	7,250	7,250
Office Square Footage Assisted	NA	2.46 million	1.55 million	899,838	968,000	968,000

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2023-advertised-performance-measures-pm>