

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.

Connection to the Countywide Strategic Plan

The Fairfax County Board of Supervisors adopted the first-ever Countywide Strategic Plan on October 5, 2021. The Countywide Strategic Plan serves as a road map to help guide future work, focusing on the 10 Community Outcome Areas that represent the issues of greatest importance to the community. In February of 2023, the first Annual Report on the work of the strategic plan was released to the public. The report contains point-in-time progress highlights for each of the proposed plan strategies, plus a sample data dashboard and data story that is being replicated across all of the outcome areas, and a number of additional initiatives to embed the elements of the plan within department-level work. The report also includes a Year Two Implementation Model, which focuses on identifying the specific strategies that will move forward to implementation under the guidance of the Board of Supervisors. For more information on the Countywide Strategic Plan, please visit www.fairfaxcounty.gov/strategicplan. The Economic Development Authority primarily supports the following Community Outcome Area:



Community Outcome Area	Vision Statement
Economic Opportunity	<i>All people, businesses, and places are thriving economically.</i>

Focus

The Fairfax County Economic Development Authority (FCEDA) was created by an act of the Virginia General Assembly in 1964, and the Authority is now approaching sixty years in operation. The Fairfax County Board of Supervisors appoints the nine 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. In 2019, the FCEDA 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.

Relative to the past two years, Fairfax County recorded an increase in office leasing as activity rebounded across all tenant sizes. The 6.6 million square feet leased in 2022 outpaced the 4.9 million square feet of office leasing recorded in 2021 as well as the 5.4 million square feet in 2020, as more companies determined their footprint needs of the future. While this uptick in office leasing is positive news for the County, activity is not yet at the pre-pandemic level when Fairfax County averaged 10 million square feet of annual office leasing activity. FCEDA staff will continue to monitor the recovery trend.

The rebound in office leasing is partially attributed to government contractors retaining similar footprints when executing office renewals, with Leidos, Peraton, and Boeing all executing large leases over 100,000 square feet. In addition to the renewals and retention of existing companies, Fairfax County continues to diversify its business ecosystem across various industries by providing a stable business environment. The success of this strategy is reflected in some of the new-to-market leases recorded in 2022. These leases included a prominent telecommunications company taking 220,000 square feet in Herndon, Blue Origin taking 30,000 square feet in Reston, and In-Q-Tel signing an 80,000 square foot office lease in Tysons.

While office leasing activity rebounded in 2022, companies continued to vacate larger, commodity office space in favor of smaller, trophy space. This trophy space resides in buildings with higher values than commodity office space, offering amenity and location advantages to the employment base it serves. An example of this trade-off includes the recent delivery of 1.1 million square feet of office space as part of the first phase of RTC Next, where Fannie Mae and Volkswagen Group of America are vacating larger footprints within the County in favor of consolidation into this project. These types of footprint reductions coupled with the delivery of a 385,000 square foot office tower in Tysons contributed to the direct vacancy rate increasing to 16.7 percent by year-end 2022. The vacancy rate exceeded the previous 10-year high of 16.5 percent in 2015 when sequestration impacted federal government related office space.

Build-to-suit projects continued to drive office development in 2022, as Fairfax County approaches the 120 million square foot office inventory mark. Deliveries in 2022 outpaced demolitions and adaptive reuse, as more than 2 million square feet of new space came online. As a result, the current inventory stands at 119,925,204 square feet. The largest deliveries in 2022 were the 410,000 square foot office tower at RTC Next and Capital One's 823,000 square foot office tower. Demolitions and adaptive reuse totaled close to 1.4 million square feet, concentrated in building parks near metro stations.

The rate of office construction continued to decline, as developers look for large "anchor" tenants to kickstart development. At year-end 2022, there were four buildings under construction, accounting for approximately 855,000 square feet of office space. Two of the buildings under construction have a committed tenant, and the other two are trophy buildings adjacent to Reston metro stations.

As the office market continues to recover, data center demand remained high in 2022. In the past year, two data center projects in the western portion of Fairfax County commenced construction, one of which will replace an outdated office campus. FCEDA staff continue to build relationships in this

industry and assist on projects, as data center development in select locations will provide tax revenue from both property and equipment. Despite land and utility constraints, Fairfax County's data center development pipeline is robust, exceeding existing data center inventory.

In addition to working to attract and retain information technology and professional services that comprise 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 quantum computing. 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 talent initiative team focusing on talent attraction and retention activities. 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 candidates.

Budget and Staff Resources

Category	FY 2022 Actual	FY 2023 Adopted	FY 2023 Revised	FY 2024 Advertised	FY 2024 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$4,289,285	\$4,349,806	\$4,349,806	\$4,532,235	\$4,649,100
Operating Expenses	4,740,637	4,788,347	5,194,064	4,830,141	4,830,284
Total Expenditures	\$9,029,922	\$9,138,153	\$9,543,870	\$9,362,376	\$9,479,384
Income:					
EDA Bond Administrative Fees	\$204,273	\$0	\$0	\$0	\$0
Total Income	\$204,273	\$0	\$0	\$0	\$0
NET COST TO THE COUNTY	\$8,825,649	\$9,138,153	\$9,543,870	\$9,362,376	\$9,479,384
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Exempt	36 / 36	36 / 36	36 / 36	36 / 36	36 / 36

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 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 May 9, 2023.

Employee Compensation \$332,062

An increase of \$332,062 in Personnel Services includes \$236,629 for a 5.44 percent market rate adjustment (MRA) for all employees and \$95,433 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2023.

Contract Increases **\$41,622**

An increase of \$41,622 is included to cover the cost of inflation-related contract increases.

Department of Vehicle Services Charges **\$315**

An increase of \$315 in Department of Vehicle Services charges is based on anticipated billings for maintenance and operating-related charges.

Targeted Vacancy Savings **(\$32,768)**

A decrease of \$32,768 is included to recognize targeted vacancy savings. Although the County has taken actions to reduce the vacancy rate, it is anticipated that vacancies will remain high for the foreseeable future, generating flexibility in agency budgets.

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

Carryover Adjustments **\$405,717**

As part of the FY 2022 Carryover Review, the Board of Supervisors approved funding of \$365,627 for a business digital investment marketing campaign that will provide visibility for Fairfax County as a business location and generate prospects and new announcements for the County and \$40,090 to cover the remaining balance for the Franconia-Springfield Market Study contract.

**Changes to
FY 2023
Adopted
Budget Plan**

Position Detail

The FY 2024 Adopted Budget Plan includes the following positions:

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

**Performance
Measurement
Results by
Community
Outcome Area**

Economic Opportunity

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.

Indicator	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Economic Opportunity						
Promoting Economic Vibrancy in All Parts of Fairfax County						
Jobs from announcements	10,873	9,213	7,250	9,361	7,250	7,250
Office Square Footage Assisted	2.46 million	899,838	968,000	1.04 million	968,000	968,000

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2024-adopted-performance-measures-pm>