

# Fairfax County Economic Development Authority

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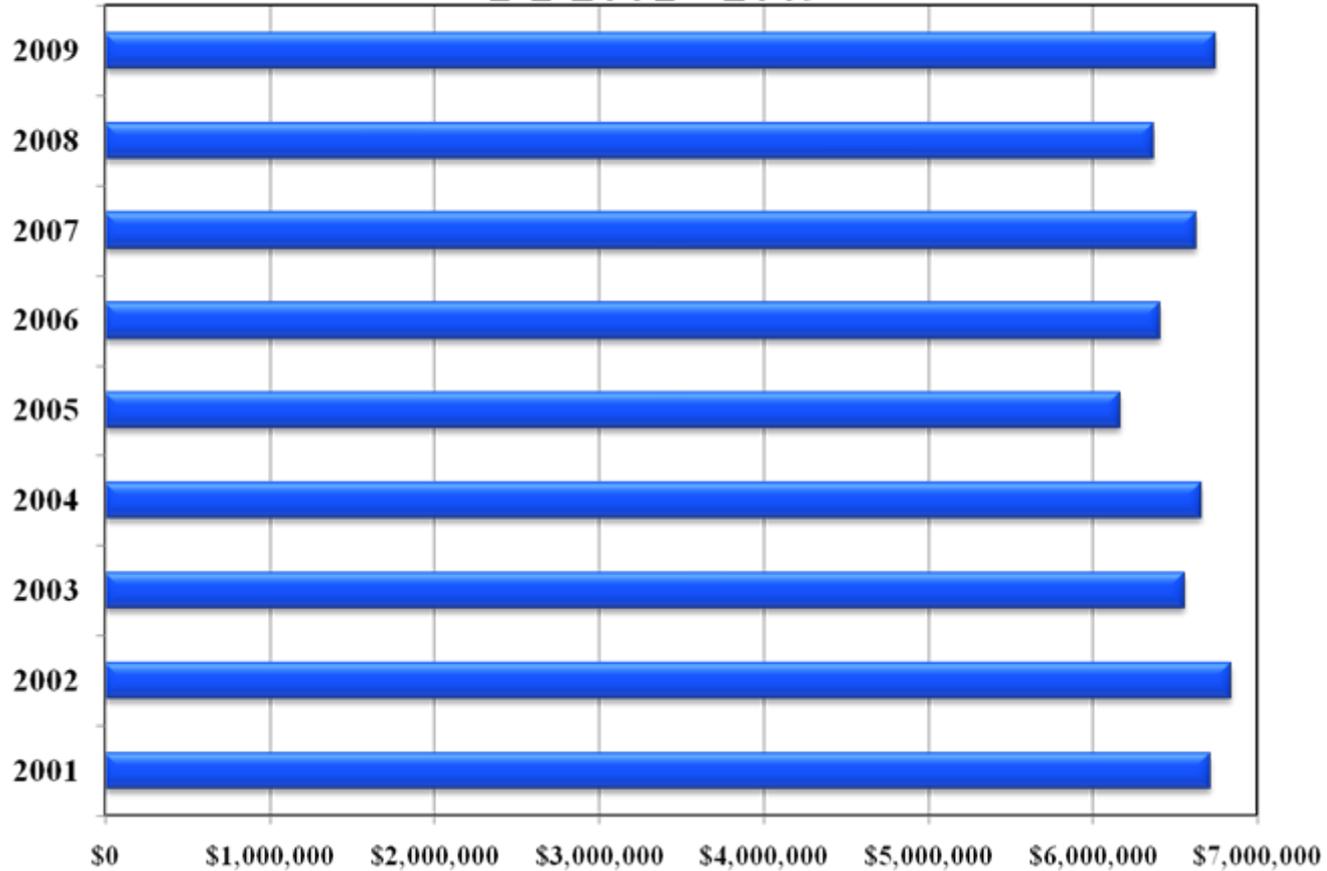
FY 2010 LOB Presentation

November 24, 2008

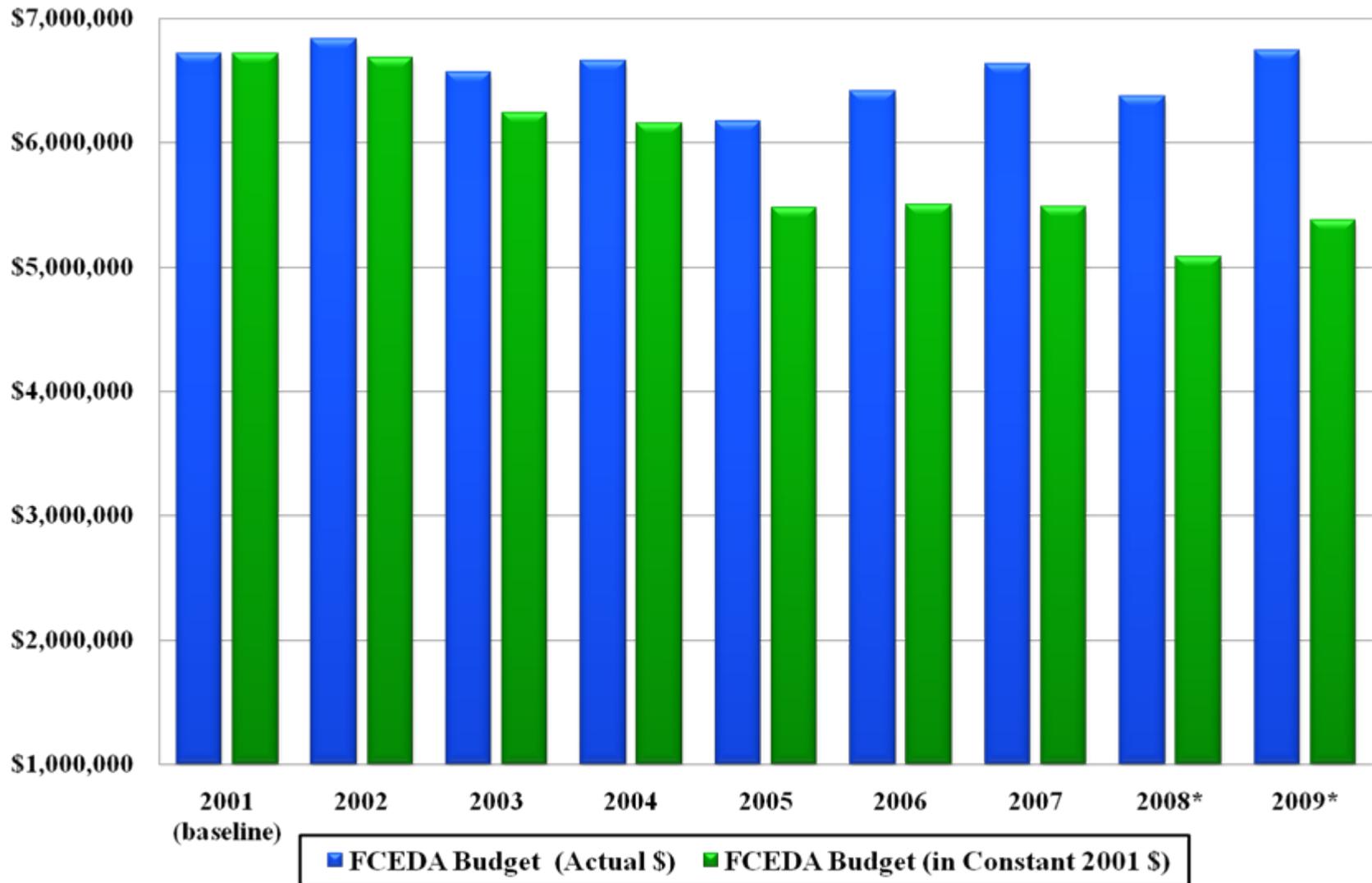
# Mission

- ◆ The mission of the Fairfax County Economic Development Authority is to:
  - Promote Fairfax County as a world-class business location
  - Facilitate business attraction and retention throughout Fairfax County in order to expand the County's nonresidential tax base, and
  - Provide the Board of Supervisors additional revenues from which to provide public services

## Fairfax County EDA Budget FY 2001 - 2009



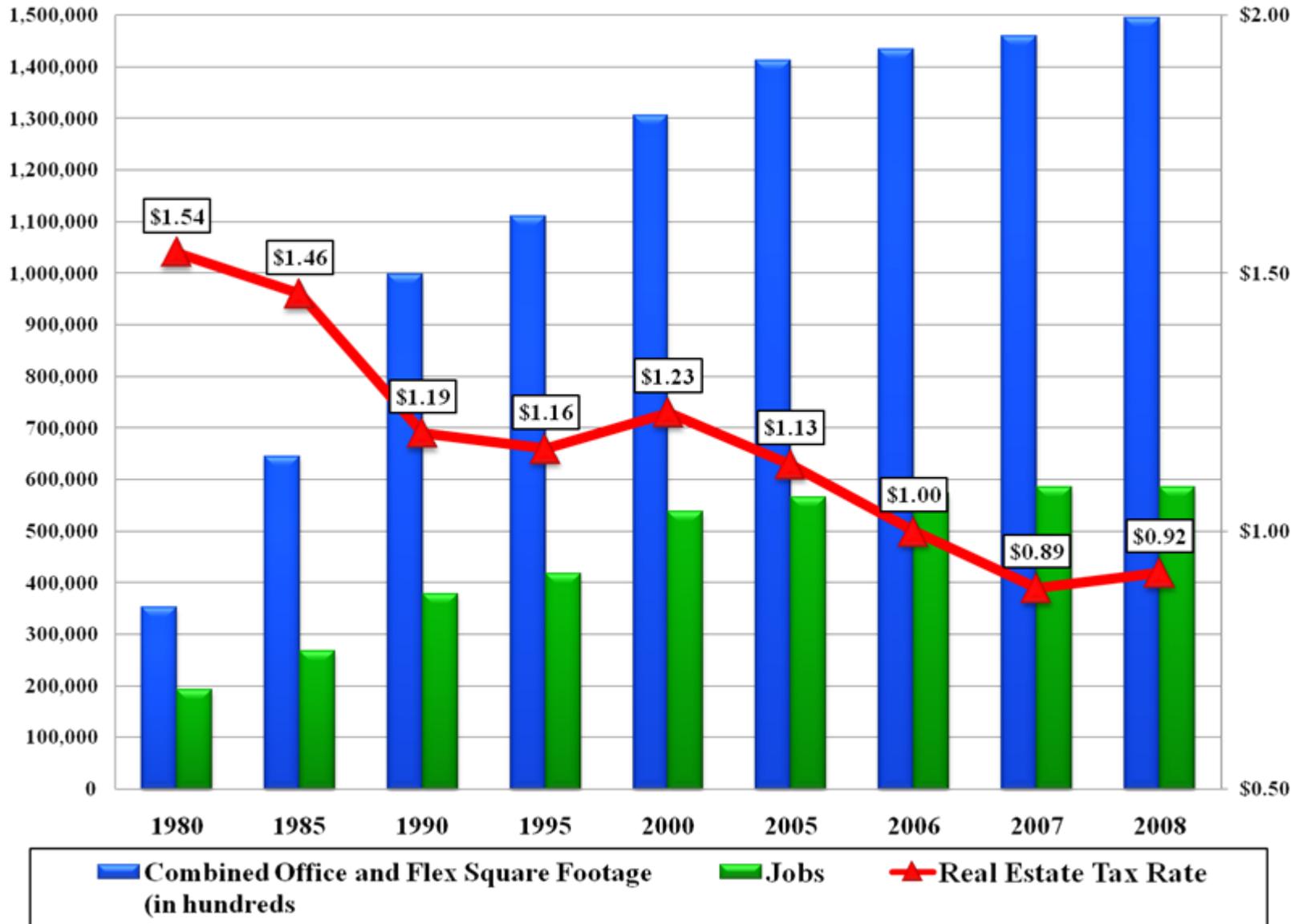
## Fairfax County EDA Budget 2001-2009 in Constant Dollars



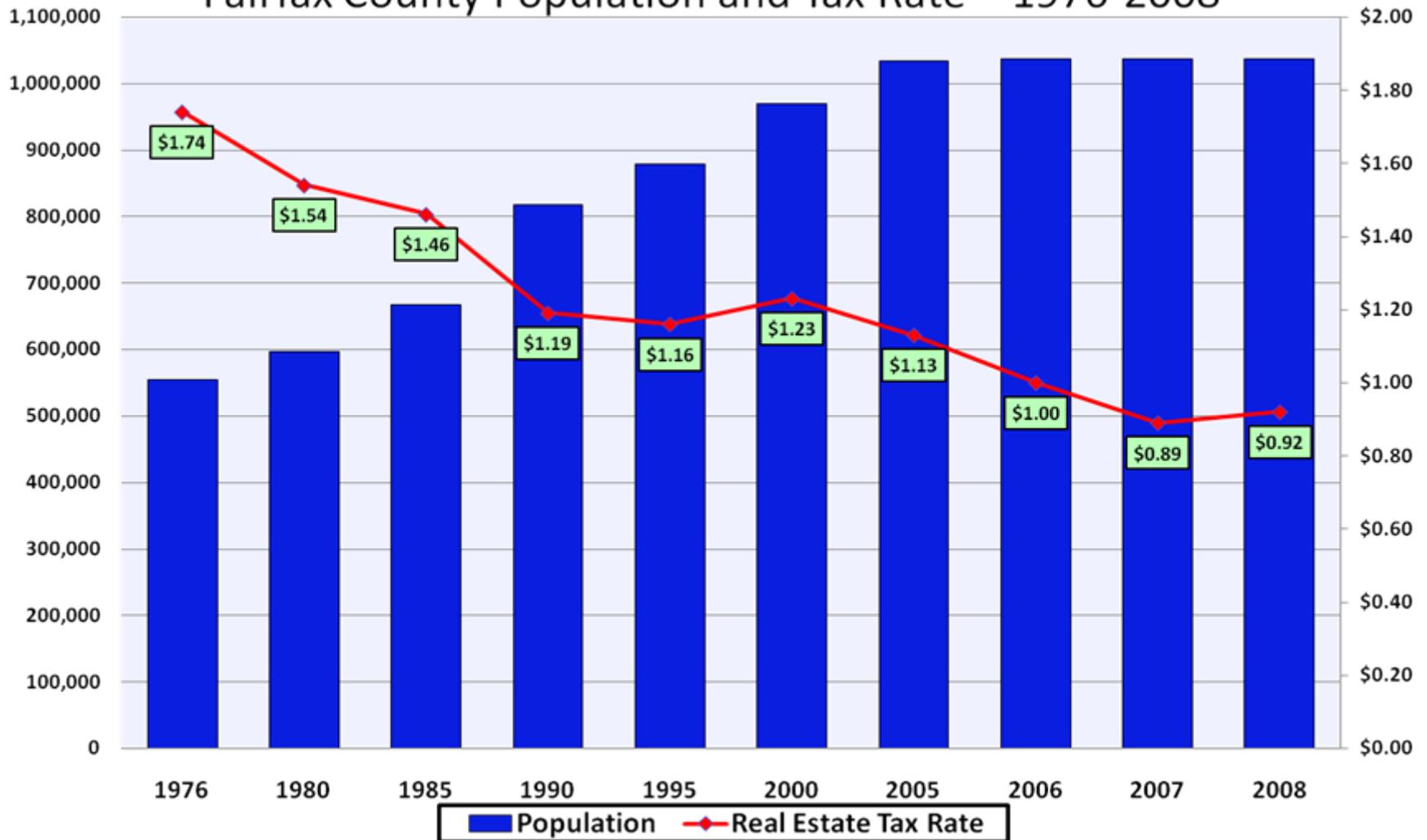
Note: For 2008 and 2009, 6-month (as opposed to full year) Consumer Price Index figures are used because full-year composites are not yet available, so 2001 constant-dollar budgets may not be completely accurate.

Source: Bureau of Labor Statistics, Consumer Price Index - All Urban Consumers (CPI-U) for the Washington-Baltimore CMSA

## Fairfax County Office/Flex Space, Jobs and Real Estate Tax Rate



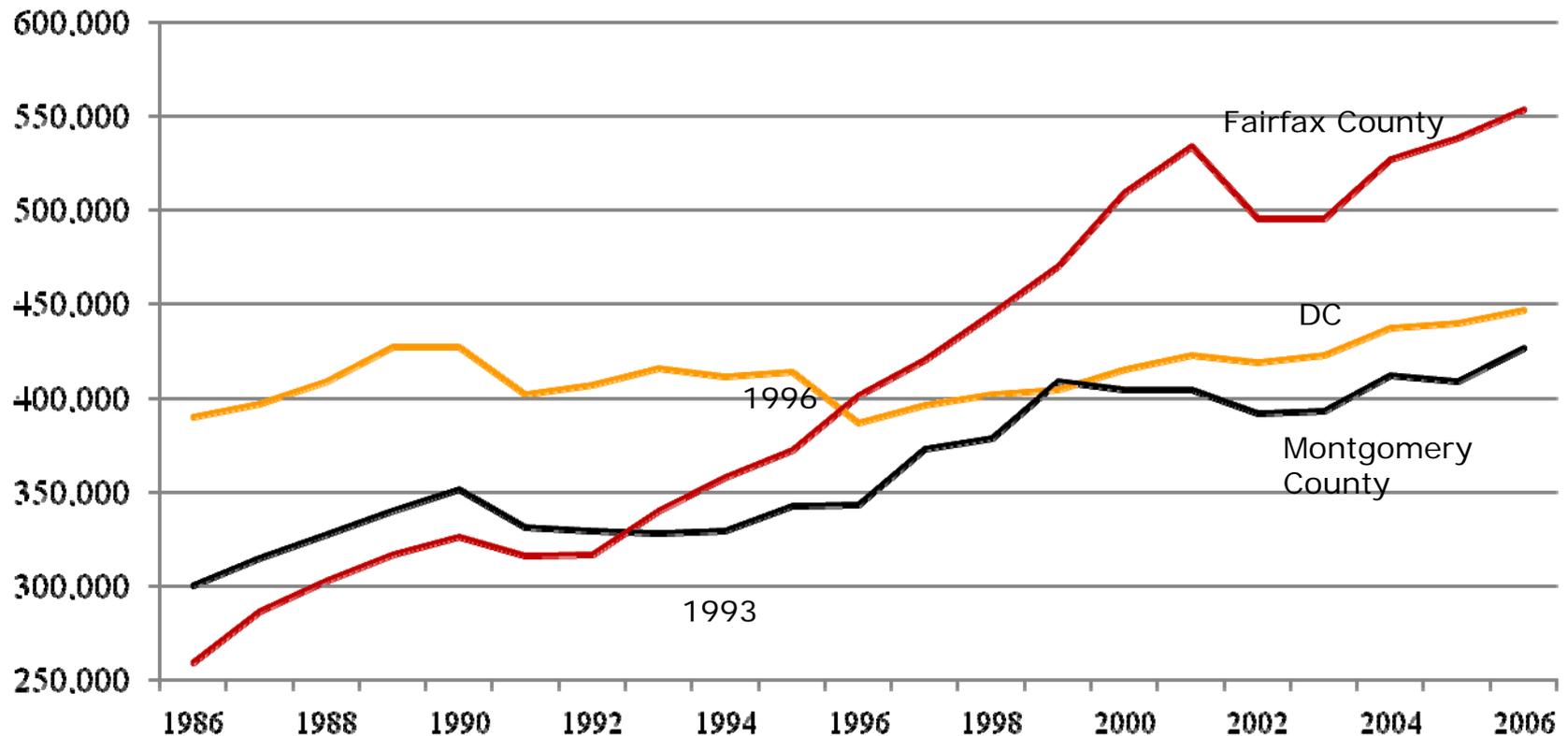
## Fairfax County Population and Tax Rate – 1976-2008



*Note:* Actual population data for 2007 and 2008 not yet available.

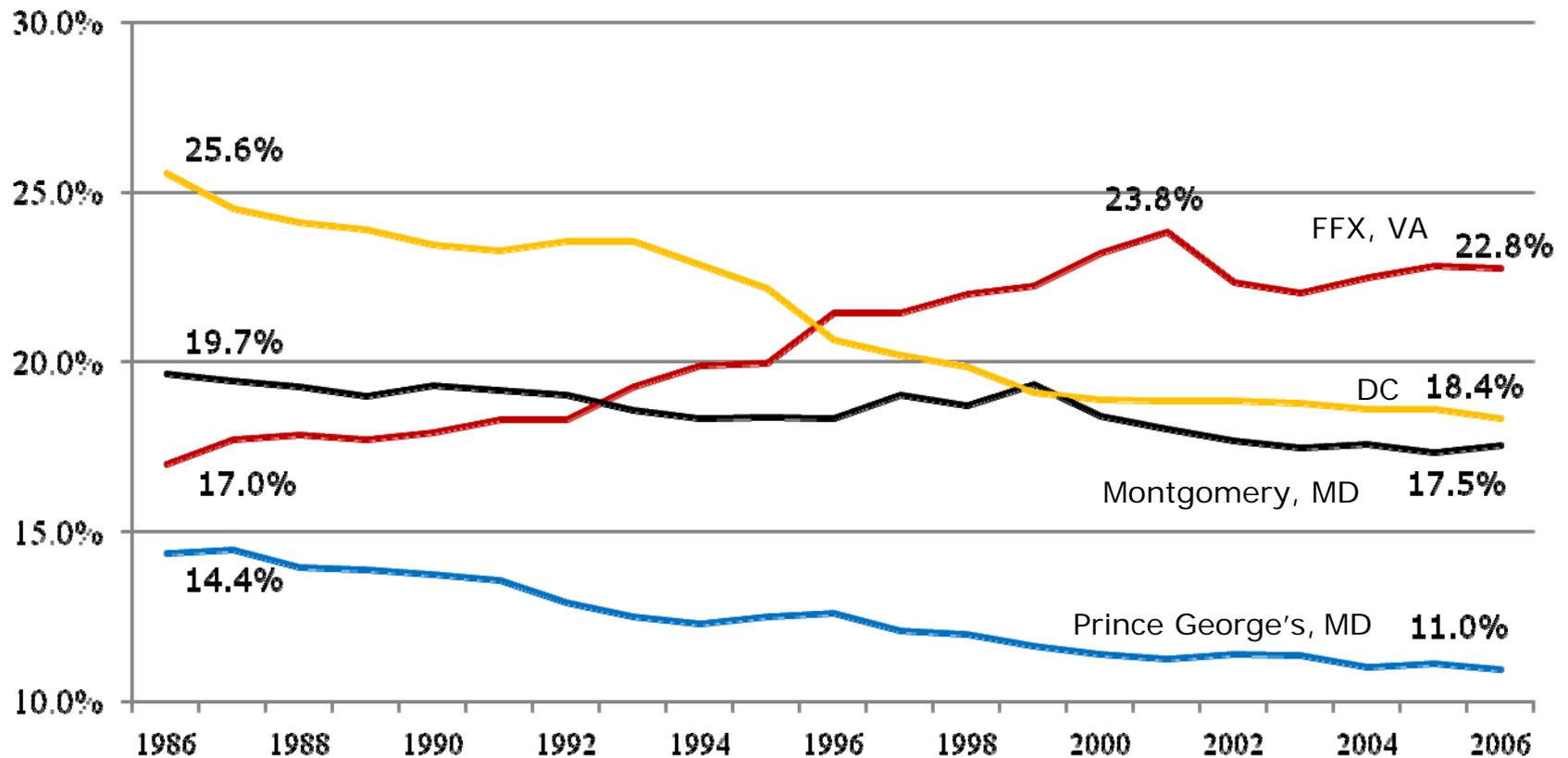
# Employment 1986 -2006

## Three Largest Employment Centers



Source: U.S. Census Bureau, County Business Patterns

# County Portion of MSA Employment 1986 -2006

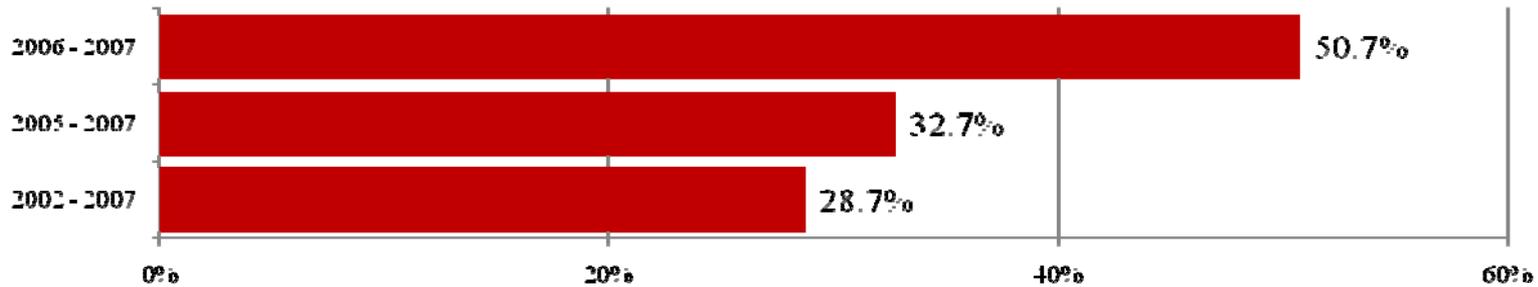


Source: U.S. Census Bureau, County Business Patterns

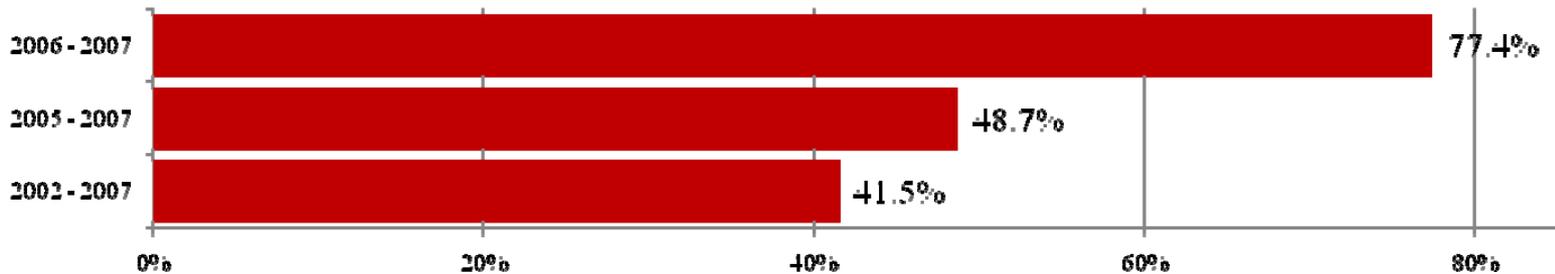
# DC Metro Area Job Growth:

Fairfax County's Share of Regional Employment Growth is Increasing

## Fairfax County Share of Washington DC Metro



## Fairfax County Share of Northern Virginia



# Challenges

The EDA anticipates the following challenges:

- The full impact of the nation's economic turmoil is unknown
- Federal Contracting
- Business Retention cannot be taken for granted
- John Warner's retirement has created some uncertainty in the defense contractor community
- Metro coming to Tysons Corner and later to Reston
- The steadily rising costs of advertising placements

# Response to Challenges

- The FCEDA is the only organization that can help Fairfax County increase revenues, recover from a recessive economy, and generate funds that the Board of Supervisors needs to pay for public services.
- In 1991, another period of deep decline, the Board proactively appropriated \$500,000 to boost the EDA's advertising program. As a result, Fairfax County recovered from the recession more quickly.
- Fairfax County is now a target for other communities looking to increase their business base. This requires extra effort by the EDA to retain the companies located here.
- The greatest opportunity to increase revenues and provide public services is through a viable and creative economic development program.

# FCEDA Growth Since FY 2001

## ◆ Growth in Expenditures:

- FY 2009: \$6.74 million - FY 2001: \$6.71 million
  - an increase of \$0.03 million or 0.47%
  - an average annual increase of 0.06%

## ◆ Growth in Positions/Staff Year Equivalency (SYE):

- FY 2009: 34/34.0 - FY 2001: 33/33.0
  - an increase of 1/1.0

## ◆ Areas that Have Seen the Most Growth

- The EDA has grown less than 1% in expenditures in eight years
- Resources have been shifted to support a growing international business attraction program

## ◆ Factors that are Driving Growth

- A growing international business sector has provided both job growth and wealth creation through enhanced opportunities for trade

# New Programs Since FY 2001

- ◆ New offices:
  - San Francisco, CA
  - Bangalore, India
  - Tel Aviv, Israel
  
- ◆ These offices are in addition to those in:
  - London, England
  - Frankfurt, Germany
  - Seoul, Korea
  
- ◆ 362 foreign-owned firms in Fairfax County employ about 20,000 people.

# Countries Represented by Fairfax County International Firms

| Country   | # Firms | Country          | # Firms |
|-----------|---------|------------------|---------|
| Australia | 7       | Jordan           | 1       |
| Austria   | 4       | Korea            | 46      |
| Belgium   | 5       | Luxembourg       | 1       |
| Bermuda   | 2       | Marshall Islands | 1       |
| Brazil    | 3       | Mexico           | 1       |
| Canada    | 36      | Monaco           | 1       |
| China     | 3       | Netherlands      | 16      |
| Denmark   | 6       | Norway           | 6       |
| Egypt     | 1       | New Zealand      | 1       |
| Finland   | 5       | Portugal         | 1       |
| France    | 24      | Russia           | 1       |
| Germany   | 21      | Saudi Arabia     | 2       |
| Greece    | 1       | Singapore        | 3       |
| Hong Kong | 1       | South Africa     | 2       |
| Hungary   | 2       | Spain            | 5       |
| India     | 21      | Sweden           | 11      |
| Ireland   | 6       | Switzerland      | 8       |
| Israel    | 18      | Turkey           | 2       |
| Italy     | 3       | United Kingdom   | 70      |
| Japan     | 14      |                  |         |

# Major Accomplishments

## FY 2001-2008

|                                                       | 2001   | 2008   |
|-------------------------------------------------------|--------|--------|
| • Office Market Space<br>(SF in millions)             | 97.6   | 110.7  |
| • Real Estate Tax Rate<br>per \$100 of assessed value | \$1.23 | \$ .92 |
| • FCEDA Budget<br>(in millions)                       | \$6.7  | \$ 6.7 |

# Major Accomplishments – cont'd

- Business Announcements 1,088
- Jobs Attracted/Expansions 81,465  
Number of jobs is larger than the combined populations of Charlottesville (40,437) and Harrisonburg (40,438)
- Minority-Owned Firms 90
- Foreign-Owned Firms 181
- Venture Capital Firms 30
- Venture Capital Investment \$2.2B

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# Major Accomplishments – cont'd

## Innovative programs and events:

- *Red Herring*
- Emerging Business Forum
- National Conference on the Creative Economy
- "Entrepreneurship 101: Starting a Business in Fairfax County"
- SCORE (Service Corps of Retired Executives) counseling services

# Strategic Focus

Our strategic focus includes the following:

- ◆ Providing a wide array of information and services to help American and foreign-owned businesses locate or expand commercial operations in Fairfax County.
- ◆ Implementing advertising and promotional strategies to increase the awareness of Fairfax County as a business location among site location decision-makers, business executives and capital sources nationally and worldwide.
- ◆ Advertising programming that focuses on new business attraction in national and international markets via the Internet, print, radio, and television.

# Strategic Focus – cont'd

- Anticipating and tracking the County's office and industrial/hybrid (flex) real estate markets to provide firms with space options best suited to their needs.
- Encouraging the retention of local businesses – including minority- and woman-owned establishments – to learn their concerns, provide information, and describe initiatives and resources available.
- Attracting venture capital to support the growth of business.

The FCEDA Commission adopted a Balanced Scorecard in 2001 that measures its performance in the critical areas of job creation and retention; company growth; communications; and community outreach. It also tracks performance in venture capital, advertising and leasing activity by prospects. The FCEDA aligns its business, financial and human resources strategies as necessary to effectively accomplish the organization's mission.

# LOBS Summary Table:

## FY 2008 Adopted Budget Plan Data

| <i>Number</i> | <i>LOB Title</i>               | <i>Net LOB Cost</i> | <i>LOB Number of Positions</i> | <i>LOB SYE</i> |
|---------------|--------------------------------|---------------------|--------------------------------|----------------|
| 16-01         | Economic Development Authority | \$6,673,818         | 34                             | 34.0           |
| <b>TOTAL</b>  |                                | <b>\$6,673,818</b>  | <b>34</b>                      | <b>34.0</b>    |

# Highlights

**What We Do:** 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, financing and other resources.

**Who We Serve:** Businesses that use office space that are located in Fairfax County, and prospects that are considering Fairfax County as a business location are the customers who are served directly by this LOB. County residents are served indirectly as the taxes generated by those businesses offset the cost of County services.

**Why We Do It:** By filling office space, demand is created for new construction. That new construction creates new revenues for the real estate tax base and has enabled the Board of Supervisors to provide quality public services while reducing the tax rate.

The FCEDA is an independent authority created by the Virginia General Assembly (Chapter 643 of the 1964 Acts of the Virginia General Assembly, as amended). The FCEDA is the inducing organization for Industrial Revenue Bonds, as cited in Section I of the legislation and the Code of Virginia 15.2-4900.

# Highlights – Cont'd

## **Benefits and Value of LOB:**

The FCEDA encourages the growth of businesses in Fairfax County.

As businesses grow and create jobs, the impact is felt in the office space market.

When office vacancy rates become low enough, the demand increases for additional office space.

That new construction contributes to the real estate tax base, which is about 62 percent of the General Fund from which the Board of Supervisors funds public services.

Because businesses contribute more in tax dollars than they take back in public services, they help to reduce the cost of public services for residents, who take back far more than they pay in taxes?

**In sum, business growth helps to pay for a high quality of life for residents.**

# Reduction Philosophy

- ◆ The FCEDA approached the LOB process with the following assumptions:
  - There are limited line items from which to choose.
  - Staff and the ability to travel to our primary markets, are essential in reaching out to companies. Reducing either of these would severely compromise the FCEDA's ability to perform the organization's basic mission and would have budgetary implications for the future.
  - Eliminating advertising would mean losing 62 million ad impressions and an awareness of Fairfax County as a place to do business that has been developed over the past 30 years. This advertising supports our marketing strategy and reinforces the Fairfax County brand globally.

# Reduction Priorities

| Priority Ranking       | Reduction Description             | Positions | SYE        | Net Reduction      |
|------------------------|-----------------------------------|-----------|------------|--------------------|
| 1                      | Eliminate Advertising             | 0         | 0.0        | \$910,000          |
| 2                      | Eliminate web site upgrade        | 0         | 0.0        | \$30,000           |
| 3                      | Reduce marketing database support | 0         | 0.0        | \$10,000           |
| 4                      | Reduce events                     | 0         | 0.0        | \$14,500           |
| 5                      | Eliminate WITSA Sponsorship       | 0         | 0.0        | \$12,500           |
| 6                      | Reduce marketing support          | 0         | 0.0        | \$55,600           |
| <b>TOTAL REDUCTION</b> |                                   | <b>0</b>  | <b>0.0</b> | <b>\$1,032,600</b> |

# LOBS Reduction Impact

## LOB #: 16-01 Economic Development Authority

### Reduction 1:

#### Eliminate Advertising Program

Reduction: \$ 910,000

Position Reduction: 0/0.0 SYEs

- ◆ In a down economy, businesses know to increase their marketing rather than decrease it.
- ◆ In the past, the Board of Supervisors has followed that principle and the result was that Fairfax County led the region, and eventually the nation, out of recession.

# LOBS Reduction Impact – cont'd

## **Reduction 1:**

### **Eliminate Advertising Program – cont'd**

The advertising program has been a key component to building outreach to businesses over the last 30 years. The elimination of this award-winning program would mean losing:

- 70 million advertising impressions in 2010
- 2 million messages to prospects in key markets that search for information via the Internet
- The ability to reach 20 million travelers through Dulles Airport
- The opportunity to demonstrate confidence to the business community that job growth can help solve the budget problem
- The opportunity to demonstrate to residents that a robust economy supports their quality of life

# LOBS Reduction Impact – cont'd

## **Reduction 2: Eliminate Web Site Upgrade**

**Reduction: \$30,000**

**Position Reduction: 0/0.0 SYEs**

- Maintain web site and update with current information and defer increased functionality

## **Reduction 3: Reduce Marketing Database Support**

**Reduction: \$10,000**

**Position Reduction: 0/0.0 SYEs**

- Delete database support from IT maintenance

# LOBS Reduction Impact – cont'd

## **Reduction 4: Reduce Events**

**Reduction: \$14,500      Position Reduction: 0/0.0 SYEs**

- Eliminate “Celebration of Business Success” event that honors approximately 35 small, minority- and woman-owned companies in Fairfax County, and business retention events that would provide approximately 40 companies with key information that is valuable to their business success

## **Reduction 5: Eliminate WITSA Sponsorship**

**Reduction: \$12,500      Position Reduction: 0/0.0 SYEs**

- Eliminate sponsorship of the World Information Technology and Services Alliance, a consortium of 60 information technology industry associations from economies around the world.

# LOBS Reduction Impact – cont'd

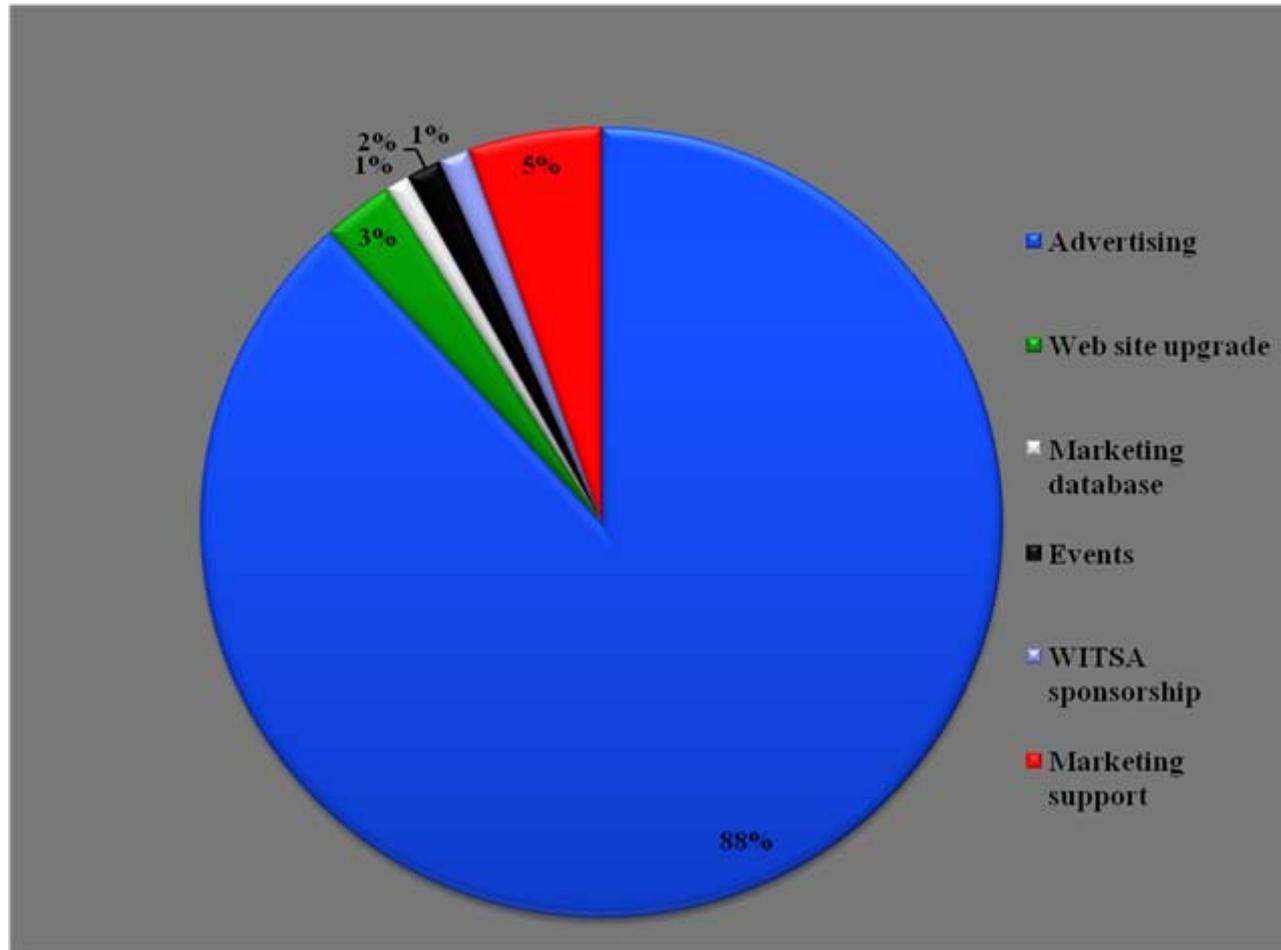
## **Reduction 6: Reduce Marketing Support**

**Reduction: \$55,600      Position Reduction: 0/0.0 SYEs**

- Reduce fees for contractors, printing, legal, photography and subscription services

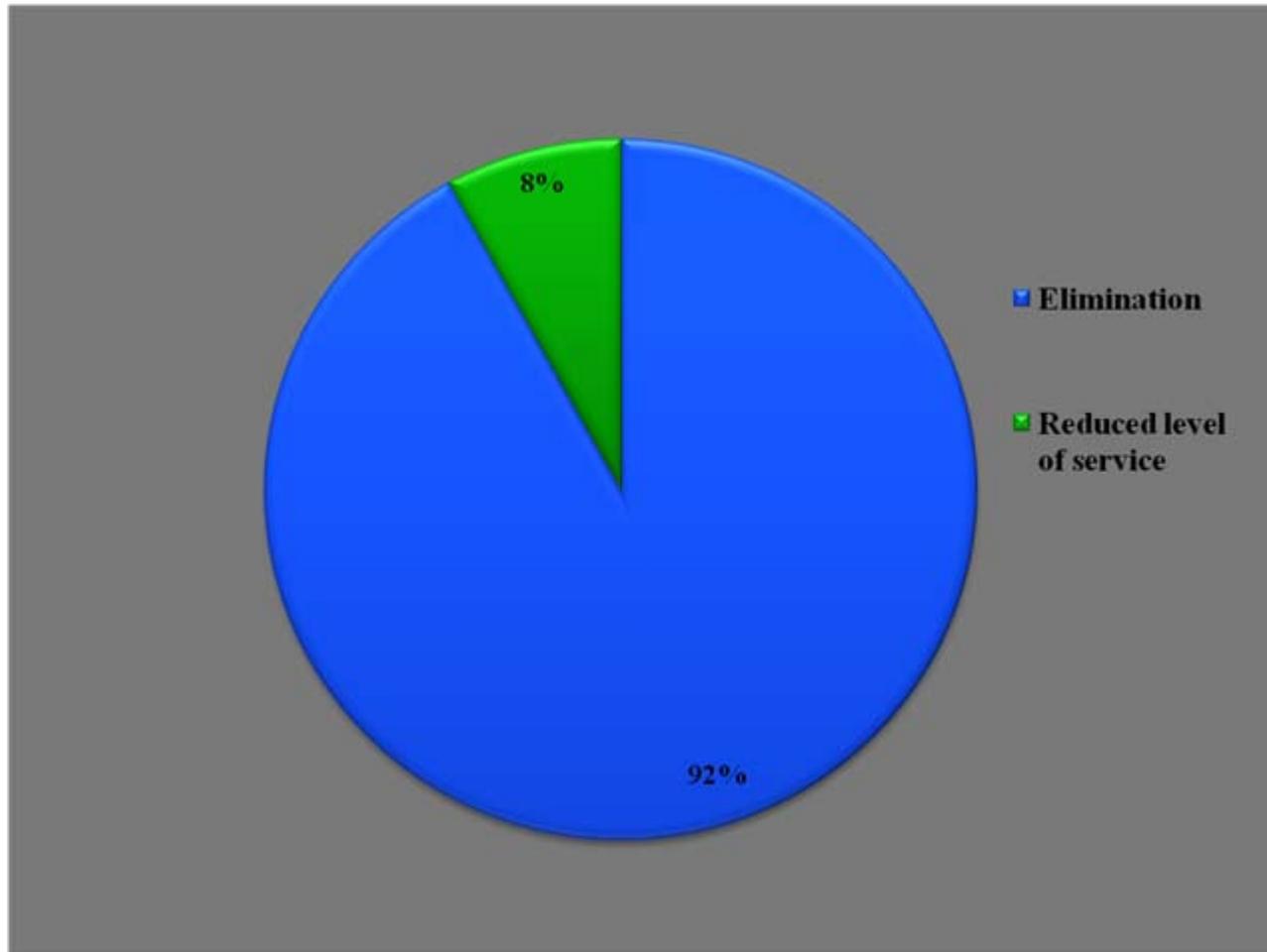
# Agency Reduction Priorities

## Reductions by LOB



# Agency Reduction Priorities

## Reductions by Classification



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# Questions and Answers

