

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.

Office leasing activity totaled more than 3.4 million square feet during the first half of 2020, compared to 4.6 million in the back half of 2019. The slowdown in leasing activity is due to the impact of COVID-19 as the majority of Fairfax County's office workforce adapted to remote work and leasing decisions were placed on hold. On a positive note, the Metrorail Silver Line submarkets – Tysons, Reston, and the Herndon area – experienced some of the highest levels of office leasing in the nation. In fact, one of the largest office leases in the U.S. during the second quarter of 2020 came from Microsoft's decision to establish a 400,000 square-foot R&D hub in Reston. The expectation going forward is that the pre-pandemic office leasing pipeline has been expended, and the slowdown in leasing activity will continue into 2021.

The County's office space inventory exceeded 119 million square feet at year-end 2020, an increase of 425,628 square feet over the office space inventory at year-end 2019. The increase is due in large part to the concentration of activity in Reston and Springfield, including delivery of the new 276,000 square-foot office headquarters for Leidos, one of Fairfax County's eleven Fortune 500 companies. Fairfax County is the second largest suburban office market in the United States and has 33 percent of the commercial office space in the Commonwealth of Virginia.

The direct office vacancy rate at year-end 2020 was 14.6 percent, up from 13.9 percent at year-end 2019. The overall office vacancy rate, which includes empty sublet space, was 15.5 percent at year-end 2020, up from 14.4 percent recorded at year-end 2019. The amount of vacant, unleased office space increased to 18.5 million square feet, marking the first year of increased vacancy since 2014. Industry experts expect vacancy rates to increase again in the first half of 2021, as smaller office users let leases expire in favor of remote work and larger users put sublet space on the market.

In comparison to other markets, office construction timelines in Fairfax County have not been affected by COVID-19. Construction has remained strong in projects that have no committed anchor tenants, illustrating a continued confidence in future office demand in trophy, metro-proximate buildings. As of December 31, 2020, Fairfax County had seven office buildings under construction, totaling approximately 2.9 million square feet. There are two office projects set to deliver in the second half of 2021, which will add 425,000 square feet to the total office inventory; both are fully leased. The 1.2 million square feet of office that delivered in 2020 outpaced 2019's total by more than 600,000 square feet.

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.

Pandemic Response and Impact

The FCEDA adapted quickly, in operations and programming, to the COVID-19 pandemic and the resulting economic downturn. The Authority made sure every employee was well equipped to work from home, and adopted weekly virtual staff meetings, monthly virtual Commission meetings, digital client presentations, and enhanced digital marketing directed at prospective companies. The FCEDA assessed the local economic damage done by the pandemic by surveying business owners and connected businesses with resources through a COVID-19 Business Resources Hub website page, extensive staff outreach to link businesses with recovery loan and grant programs, webinars, and online events. The FCEDA increased communication with the County's Department of Economic Initiatives and other partners to coordinate information and resources, as well as develop an Economy Recovery Framework to support the hardest hit industry and workforce segments. The FCEDA collaborated with Northern Virginia economic development organizations on a "Beyond COVID-19: Business Resiliency" webinar series and a GO Virginia grant for small-business promotion. The FCEDA activated a new website on attracting workers to Northern Virginia to connect those who have lost their jobs with area companies doing "surge hiring" during the emergency. The FCEDA also coordinated a series of virtual career fairs with corporate and academic entities and

participated in local and regional recovery task forces to prepare for the “new normal” business environment, including development of a regional economic development strategy to build collaboration with partners throughout the Capital Region.

Budget and Staff Resources

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised
FUNDING				
Expenditures:				
Personnel Services	\$3,823,413	\$4,053,391	\$4,053,391	\$4,053,391
Operating Expenses	3,991,405	4,788,092	4,788,092	4,788,092
Total Expenditures	\$7,814,818	\$8,841,483	\$8,841,483	\$8,841,483
Income:				
EDA Bond Administrative Fees	\$51,000	\$0	\$0	\$0
Total Income	\$51,000	\$0	\$0	\$0
NET COST TO THE COUNTY	\$7,763,818	\$8,841,483	\$8,841,483	\$8,841,483
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Exempt	36 / 36	36 / 36	36 / 36	36 / 36

FY 2022 Funding Adjustments

The following funding adjustments from the FY 2021 Adopted Budget Plan are necessary to support the FY 2022 program.

FY 2022 funding remains at the same level as the FY 2021 Adopted Budget Plan.

Changes to FY 2021 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, and all other approved changes through December 31, 2020:

There have been no adjustments to this agency since approval of the FY 2021 Adopted Budget Plan.

Position Detail

The FY 2022 Advertised Budget Plan includes the following positions:

ECONOMIC DEVELOPMENT AUTHORITY – 36 Positions			
1	President/CEO	7	Business Development Managers IV
1	Executive Vice President	1	Business Resources Manager
3	Vice Presidents	3	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. Potential metrics are being evaluated.

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 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Jobs from announcements	11,408	9,829	9,500	10,873	7,500	9,700
Office Square Footage Assisted	NA	NA	2.07 million	2.46 million	1.55 million	2.10 million

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2022-advertised-performance-measures-pm>