

**VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP**  
EXECUTIVE SUMMARY OF THE STRATEGIC PLAN FOR  
ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF  
VIRGINIA (FY19-FY23)

Submitted December 1, 2017

## Chapter 1: Executive Summary

One of the wealthiest and most beautiful states in America, the Commonwealth of Virginia is blessed with exceptional human capital, geographic, and infrastructure assets. Widely viewed as an attractive state for business, Virginia also is home to a diverse array of leading private-sector firms, national labs, and important military installations, as well as one of the most educated populations in the country. By any reasonable measure, Virginia is one of America's premier states. For two decades, the Virginia Economic Development Partnership (VEDP) has served as Virginia's state economic development authority, pursuing its duty to "encourage, stimulate, and support the development and expansion of the economy of the Commonwealth," as prescribed in the Code of Virginia. Like the special Commonwealth that it serves, VEDP has long been regarded as among the best in the country.

While the Commonwealth and VEDP remain well regarded on the national stage, both have experienced challenges over the last decade. With an economy highly reliant on the federal government, Virginia has endured a substantial slowdown in economic growth due to sequestration, dropping from ranking in the top 10 states to the bottom 15. Moreover, like rural America, much of rural Virginia has struggled in recent years, with several regions facing population losses and an expectation of continued decline. These trends led the current governor to intensify efforts to diversify Virginia's economic base and work to build a "New Virginia Economy."

Additionally, in contrast to a decade ago when the Commonwealth was ranked the best or nearly the best state for business in most business climate rankings, Virginia today ranks outside the top 10 best states for business in every published national survey of corporate executives and/or site-selection consultants. Likewise, VEDP, which once was one of the most innovative and best regarded state economic development organizations (EDOs) in America, experienced a decline in its efficiency, effectiveness, and reputation. Indeed, a report published last year by Virginia's Joint Legislative Audit and Review Commission (JLARC) opened with a devastating assessment: "VEDP is not an efficiently or effectively managed organization."

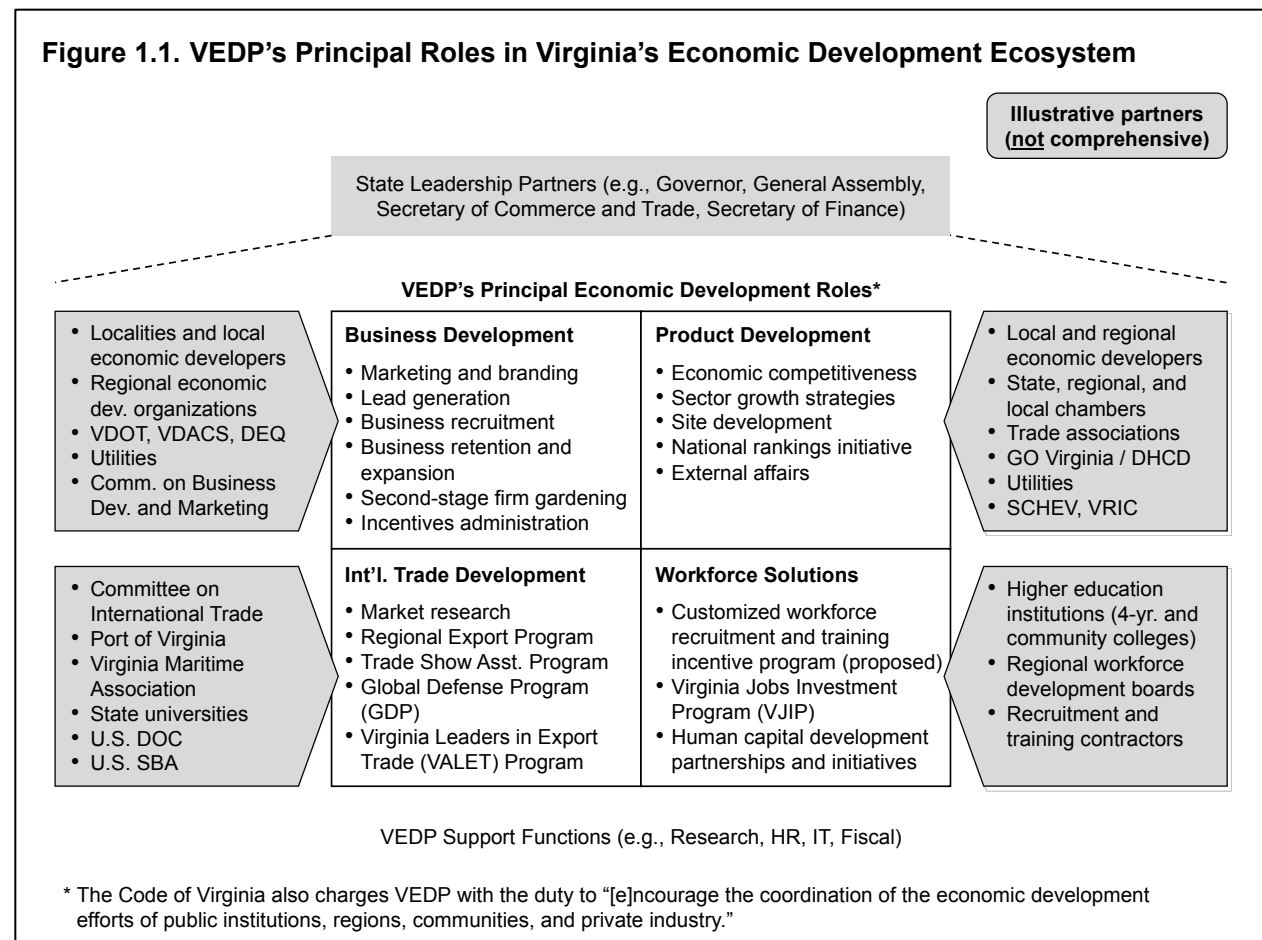
In the wake of comprehensive VEDP reform legislation passed in early 2017 and the election of a new governor, the Commonwealth of Virginia and VEDP face an important juncture in their respective histories. Working in close consultation with leaders in the Administration and General Assembly, with the participation of hundreds of VEDP's local, regional, and state partners, and with assistance from top management consultants and economic development experts, VEDP's Board of Directors, Chief Executive Officer, and staff have crafted this Strategic Plan to clearly articulate what it would take to reestablish Virginia as one of the country's economic leaders and VEDP as one of America's most effective state EDOs. Based on robust analyses and best practices, the strategies and initiatives described herein, if fully implemented over the next five years (FY19-FY23), would leverage the Commonwealth's distinctive strengths to position Virginia for a brighter economic future – one with more high-wage jobs and geographically shared prosperity. Without implementation of this plan or a compelling alternative, national economic analysts (e.g., Moody's, Emsi) forecast that the Commonwealth will continue to economically underperform its top competitor states (e.g., Georgia, North Carolina, and South Carolina) over the next decade.

This document was crafted to meet the new requirement in the Code of Virginia for the VEDP Board and its CEO to develop "a strategic plan for specific economic development activities for the Commonwealth as a whole." Responsive to the comprehensive economic development plan developed by the Administration, this Strategic Plan includes specific goals and objectives (i.e.,

strategies and initiatives), as well as performance measures; a comprehensive assessment of how VEDP can best add value relative to each of its statutory duties and powers; and other content focused on accomplishing the transformational goals described below. Finally, this Strategic Plan is designed to help ensure that VEDP permanently addresses the various deficiencies highlighted in JLARC’s 2016 report, “Management and Accountability of the Virginia Economic Development Authority,” which detailed how the organization could improve its governance, efficiency, effectiveness, coordination, and accountability, as well as strengthen its administration of incentives.

## VEDP’s Roles in Virginia’s Economic Development Ecosystem

Hundreds of organizations play a meaningful role in the economic development of the Commonwealth, including the Governor of Virginia and Virginia General Assembly; local, regional, and state economic development organizations; schools, higher education institutions, and workforce development boards; utilities; various Virginia secretariats (e.g., Agriculture and Forestry, Commerce and Trade, Finance, Natural Resources, Technology, Transportation); the Port of Virginia; the Virginia Tourism Corporation; airports; GO Virginia; chambers of commerce and trade associations; and many others. Indeed, economic development is a team sport. While VEDP plays multiple important roles in the economic development of Virginia, it is just one important part of a complex economic development ecosystem, as illustrated in Figure 1.1.



VEDP's central focus is implementing programs designed to increase employment and earnings in the Commonwealth. Primarily these outcomes are achieved by increasing exports of goods and services to other countries and states. Accordingly, VEDP focuses its efforts on retaining, growing, and attracting traded-sector firms, i.e., business establishments that generate most of their revenues from out-of-state customers. Out-of-state and international sales enable traded-sector business establishments to employ Virginia residents and typically to pay them more than non-traded-sector firms, such as retailers and local service providers.

While only some of VEDP's programs have "trade" in their name, substantially all of VEDP's work focuses on increasing international and domestic trade. As referenced in Figure 1.1 on the previous page, VEDP engages in **business development** efforts (e.g., marketing, lead generation, or incentives) designed exclusively to encourage traded-sector firms to invest and create jobs in Virginia, through establishing a presence in Virginia for the first time or expanding an existing location here. VEDP also engages in **product development** efforts (e.g., improving Virginia's portfolio of development-ready sites) designed to make Virginia more attractive for traded-sector firms. Additionally, VEDP delivers **workforce solutions** (e.g., grants via the Virginia Jobs Investment Program) that assist traded-sector firms with attracting and developing talent. Finally, through its **international trade development** programs (e.g., the VALET program), VEDP helps Virginia-based firms to increase their international sales.

### **Transformational Goals**

Throughout its strategic planning process, VEDP engaged economic development partners, businesspeople, and other stakeholders in a variety of ways to develop and refine a set of compelling, transformational economic development goals for the Commonwealth and VEDP. Fulfillment of these transformational goals will require VEDP's effective execution of its statutory duties and powers, as well as some new policy and funding commitments of the Commonwealth that are articulated in this plan.

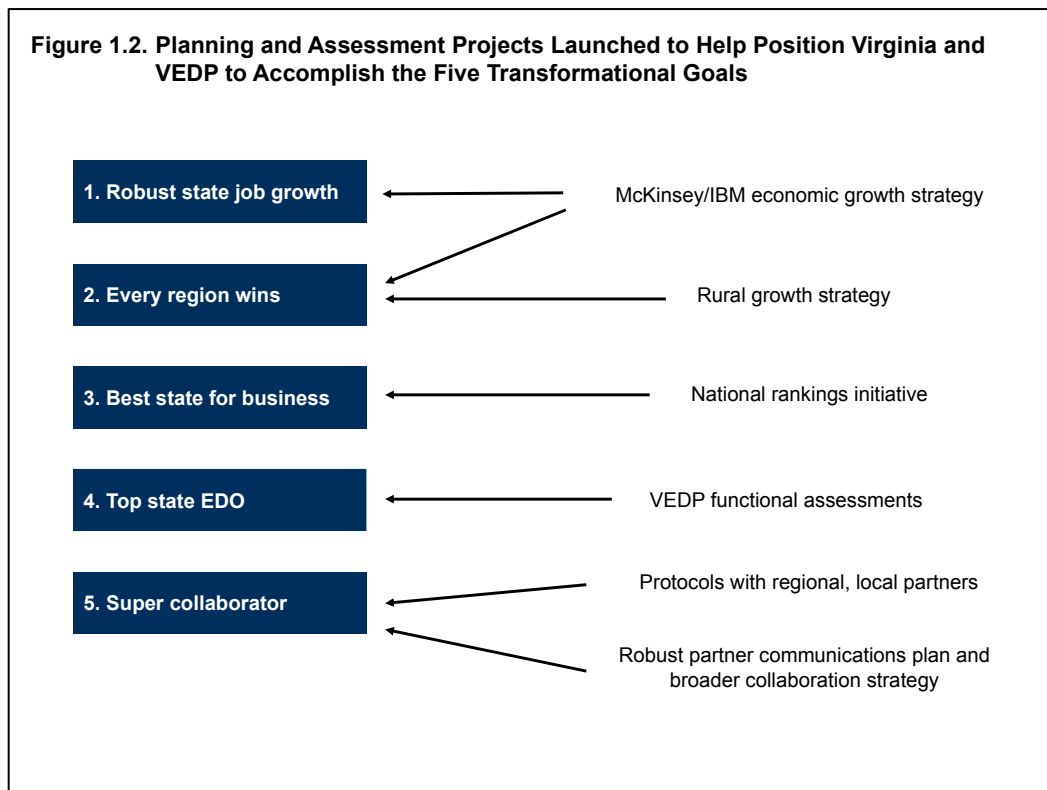
1. **Robust state growth:** Over the next several years, position Virginia to achieve a growth rate (measured by employment and median earned income of workers) among that of the top 5-10 states in the U.S.
2. **Every region wins:** Ensure that every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment and median earned income of workers).
3. **Best state for business:** Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states).
4. **Top state EDO:** Reestablish VEDP as one of America's premier state economic development organizations (principally to better enable accomplishment of the top three transformational goals).
5. **Super collaborator:** Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP).

In a statewide survey of local, regional, and state economic development partners, staff, businesspeople, and other stakeholders, as well as in other venues (e.g., interviews with General Assembly leaders), these five transformational goals have received broad support. As

the transformational goals solidified, VEDP launched a set of targeted planning and assessment projects to determine what would be required to achieve them, as illustrated in Figure 1.2.

For the first two transformational goals, VEDP and GO Virginia collaborated on a competitive RFP process to secure consulting services to support development of a “Target Industry Economic Development Strategy and Action Plan for the Commonwealth and its Regions.” The analysis provided by a combined McKinsey & Company and IBM Global Business Services team in support of the strategy and action plan is referenced throughout as the “Economic Growth Analysis.” The Economic Growth Analysis identified target industry sectors, business attraction strategies, and key enablers (e.g., human capital development, site development, broadband expansion, and international trade development). For the second transformational goal, VEDP also assembled a group of rural stakeholders to craft a rural development strategy to position Virginia’s small metro areas and rural regions for growth.

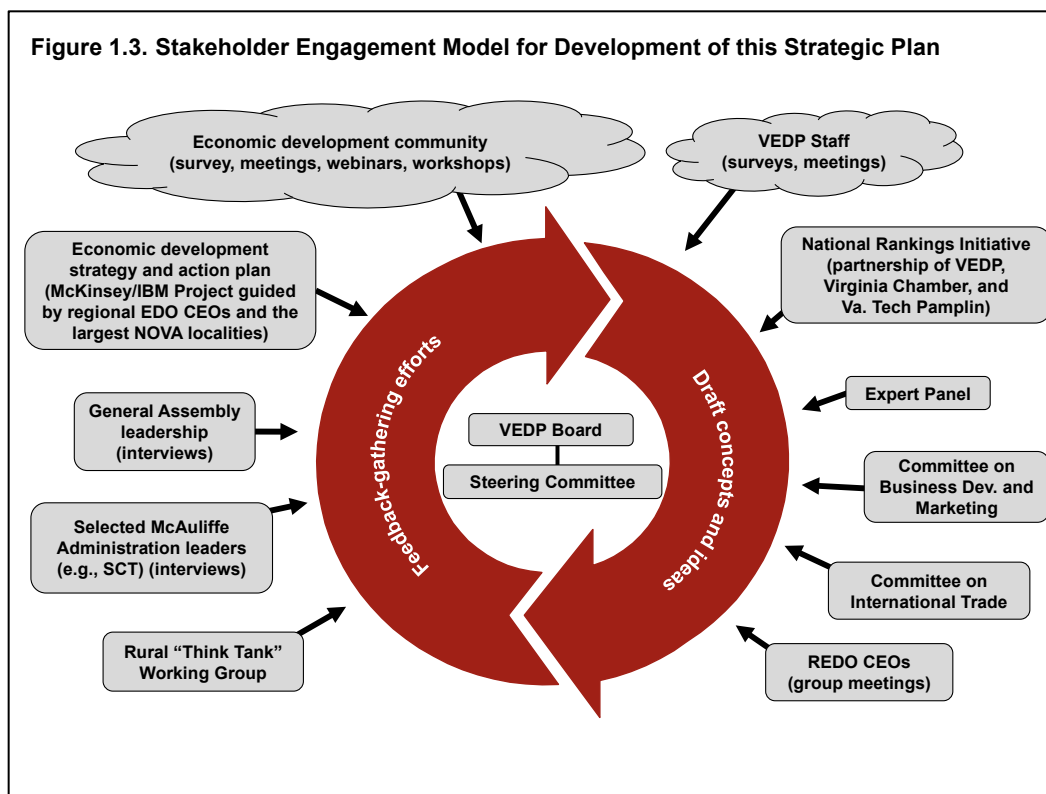
For the third transformational goal, the Virginia Chamber of Commerce and VEDP partnered to develop a set of initiatives to restore Virginia’s previous leadership position in the national business climate rankings, with assistance from Virginia Tech’s Pamplin College of Business. For the fourth transformational goal, VEDP conducted a thorough assessment of its various core functions (e.g., marketing, workforce solutions, research) against top-performing peers in other states to identify opportunities for improvement. Finally, for the fifth transformational goal, VEDP collaborated with economic development practitioners to craft protocols designed to improve collaboration and coordination with our local and regional economic development partners related to our operational activities (e.g., lead generation; project management; business retention and expansion, or BRE), as well as to create a new quarterly partner reporting format designed to improve communications and transparency related to VEDP’s core activities.



## Stakeholder Engagement and Expert Assistance

To develop, syndicate, and refine the details within this Strategic Plan, VEDP staff solicited input and feedback from hundreds of local, regional, and state partners and stakeholders, as illustrated in Figure 1.3. Special emphasis was placed on understanding the perspectives of leaders in the Administration (e.g., Secretary of Commerce and Trade, Secretary of Finance) and General Assembly (e.g., members of the Major Employment and Investment Project Approval Commission and their staff directors), local and regional economic development practitioners, and board members of the Virginia Economic Developers Association. VEDP conducted a wide-ranging survey of the economic development community in July 2017, the results of which influenced many aspects of this Strategic Plan. The survey included both quantitative response items as well as a variety of open-response questions.

VEDP also engaged an eight-person expert panel to offer ideas, suggestions, best practices, and critical feedback at various points in the process. The expert panel included the leaders of two national/global economic development organizations focused on policy and practice, Jeff Finkle, President/CEO, International Economic Development Council (IEDC), and Ken Poole, CEO/President, Center for Regional Economic Competitiveness (CREC); two top site-selection consultants, Mark Sweeney, Senior Principal, McCallum Sweeney Consulting, and Dennis Meseroll, Executive Director, Tractus Asia Limited; two national thought leaders on economic development policy and practice, Amy Liu, VP and Director of the Metropolitan Policy Program, The Brookings Institution, and Enrico Moretti, Professor of Economics, UC-Berkeley; and two in-state university faculty members who study various aspects of Virginia's economy, Chip Filer, Associate Professor of Economics, Old Dominion University, and Steve Fuller, Director, Stephen S. Fuller Institute, George Mason University.



The reconstituted VEDP Board of Directors discussed various elements of this Strategic Plan at its monthly meetings throughout the year. The VEDP Board was advised by VEDP's 19-member Strategic Plan Steering Committee, which was comprised of a diverse membership of local, regional, and state economic development partners and stakeholders:

- Peter Blake, Director, State Council of Higher Education for Virginia
- Shannon Blevins, Assoc. Vice Chancellor for Econ. Dev. & Engagement, UVa-Wise
- Beth Doughty, Executive Director, Roanoke Regional Partnership
- Barry DuVal, President & CEO, Virginia Chamber of Commerce
- Evan Feinman, Executive Director, Tobacco Region Revitalization Commission
- Amanda Glover, Director of Economic Development & Tourism, Augusta County
- Victor Hoskins, Director, Arlington Economic Development
- Joshua Lewis, Executive Director, Virginia's Industrial Advancement Alliance
- Chris Lloyd, SVP/Director, Infrastructure and Econ. Dev., McGuireWoods Consulting
- Barry Matherly, President and CEO, Greater Richmond Partnership
- Ken McFadyen, Director of Economic Development, Botetourt County
- Christy Morton, Executive Director, Center for Rural Virginia
- Arthur Moye, Jr., Executive Vice President, Virginia Maritime Association
- Catherine Riley, VP of Marketing, Fairfax County Economic Development Authority
- Curry Roberts, President, Fredericksburg Regional Alliance
- Robin Sullenberger, Board Member, Virginia Community College System
- Telly Tucker, Director, Danville Economic Development
- Cathie Vick, Chief Public Affairs Officer, Port of Virginia
- Rick Weddle, President & CEO, Hampton Roads Economic Development Alliance

Various VEDP staff members were actively engaged in the development of this Strategic Plan from beginning to end. Additionally, VEDP staff had opportunities to provide input into the economic growth strategy project as well as each of the major elements of this Strategic Plan through surveys and topic-specific meetings.

The members of the new Committee on International Trade and the new Committee on Business Development and Marketing were not appointed until relatively late in the strategic planning process, so those two groups were not consulted as extensively as some of the others.

VEDP incorporated ideas and feedback from these engagement efforts into its development of each aspect of this Strategic Plan, from the transformational goals to the specific strategies and initiatives designed to achieve those goals. The broad reach of this engagement process was intended to ensure that this Strategic Plan would be responsive to perspectives shared by the collective voice of Virginia's economic development community and state leadership.

### **Assessment of Virginia's Economic Position**

This Strategic Plan takes into consideration the Commonwealth's position within the national and global economy, including Virginia's past, present, and expected future economic growth, as well as Virginia's economic competitiveness. While the Commonwealth's economy overall is healthy, with relatively high incomes and low unemployment, its economic growth has slowed in the wake of sequestration, and the growth that has occurred has been unevenly shared – with some areas experiencing growth while others endure continued decline. Likewise, the Commonwealth is blessed with remarkable human capital, geographic, and infrastructure assets

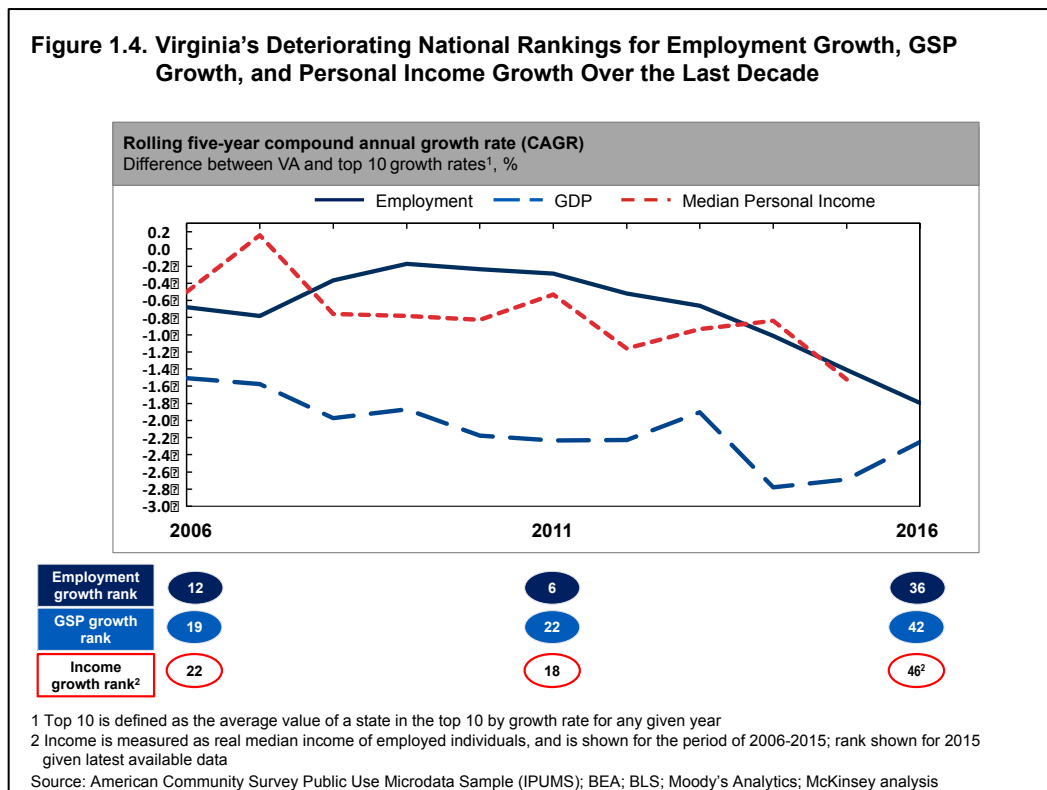
that contribute to its relatively well-regarded business climate, but Virginia also has a number of weaknesses that harm its economic competitiveness.

### Economic Context in Virginia

Virginia is one of the wealthiest states in the country (ranked no. 8) – with median household income about 20% above the national average – and it has an unemployment rate below the national average. In the first decade of the 21<sup>st</sup> century, the Commonwealth also was among the fastest-growing states in the country.

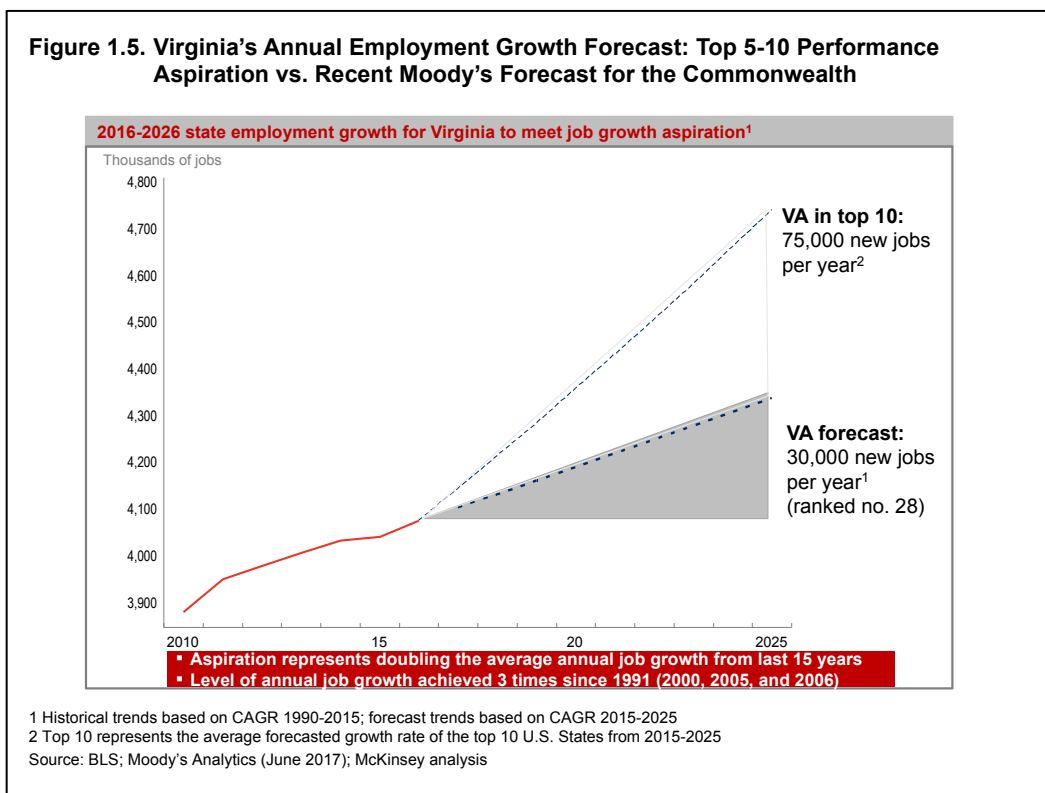
Unfortunately, in the wake of federal sequestration, Virginia’s growth rates for employment, gross state product (GSP), and personal income declined markedly relative to competitors, as illustrated in Figure 1.4. Over the last five years on record, Virginia’s rankings for growth in employment, GSP, and personal income fell to nos. 36, 42, and 46, respectively. Had the Commonwealth’s various industry sectors merely matched the growth rates of their national counterparts over the last five years on record, Virginia’s total employment would have exceeded its actual 2016 number by 131,000 workers. Additionally, Virginia’s sluggish economic performance in recent years contributed to a shift toward net domestic out-migration, with more people leaving Virginia for other states than moving here from them.

Virginia’s growth slowdown has meant fewer economic opportunities for college graduates and the working class, less sales for small businesses, more pressure on social welfare programs, and less state and local tax revenues with which to fund public priorities, such as schools, higher education, public safety, and transportation infrastructure. Reversing these worrying trends will require stronger economic growth. Positioning Virginia to once again rank among the top 10 growth states (transformational goal no. 1) is a central focus of this Strategic Plan.





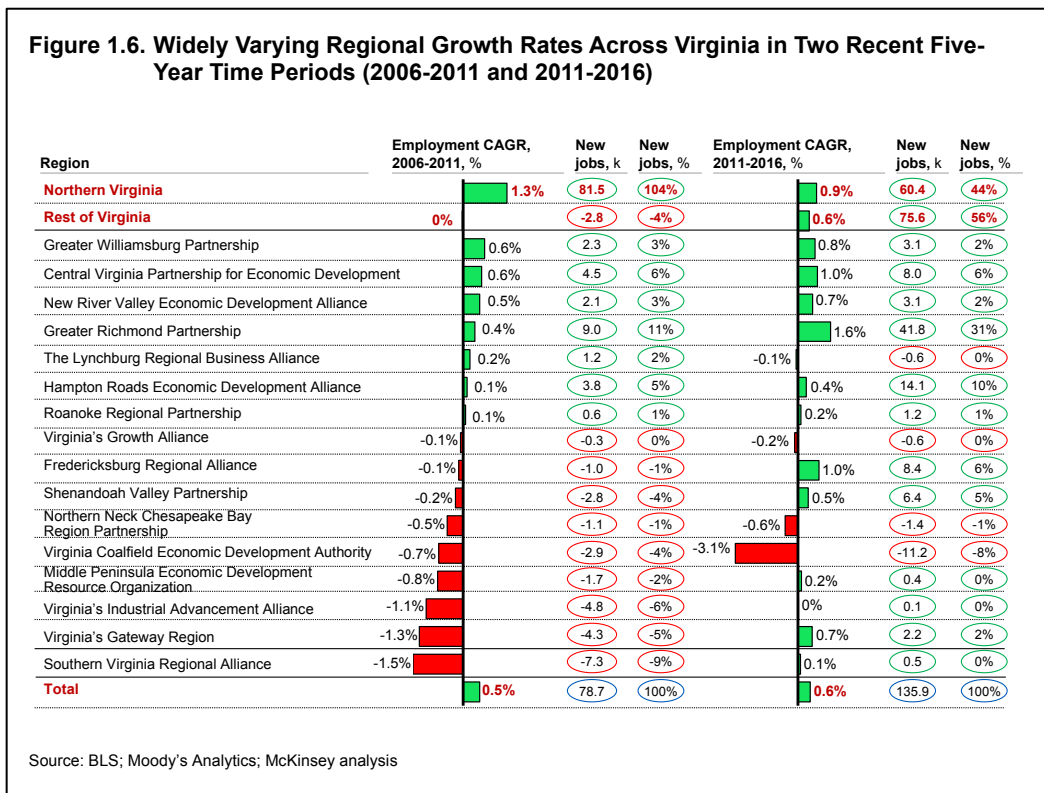
With sequestration limiting the economic contribution of the federal government to Virginia's expected future growth, recent forecasts suggest that the Commonwealth will add only about 30,000 jobs per year, on average, over the next decade – an employment growth rate that would rank no. 28 in the country. To achieve an employment growth rate among that of the top 10 states in the U.S., Virginia would need to add roughly 75,000 jobs per year, on average, or about 45,000 more annually than current forecasts suggest, as depicted in Figure 1.5. Accordingly, most of the strategies and initiatives in this Strategic Plan directly or indirectly contribute to that desired outcome.



Like most other states, Virginia does not have a single homogeneous economy, but rather a collection of distinct regional economies, each with its own unique character, geographic landscape, and mix of companies and industry sectors. Indeed, the incredible diversity of Virginia's many economic regions – from the dense urban communities of Northern Virginia to the largely rural coalfield region of Southwest Virginia – represents a defining characteristic of the Commonwealth. Because of this reality, one cannot fully understand the performance of Virginia's economy without understanding the health of each of its various regions.

In recent years, the Commonwealth's economic growth has exhibited substantial regional imbalances, as illustrated in Figure 1.6 on the following page. For instance, from 2006 to 2011, Northern Virginia created 104% of all new jobs in the Commonwealth, while most other regions lost ground. In other words, Northern Virginia created about 81,500 jobs while the rest of Virginia collectively lost nearly 3,000 jobs. In contrast, most regions experienced gains in the 2011-2016 time period, but growth was relatively muted, as Greater Richmond was the only region in Virginia to outpace the U.S. average annual growth rate (1.6% vs. 1.4%) during this period.

Regional employment growth disparities are not unique to Virginia. Over the last five years, roughly half the localities in America experienced population declines. Likewise, almost half the counties in North Carolina, South Carolina, and Georgia lost population over the last five years. Largely, these trends represent the decline of rural America – and mirror trends experienced across much of rural Virginia.



In general, larger metropolitan areas are substantially advantaged in the current economic environment. For example, compared to smaller metros and predominantly rural regions, large metro areas typically offer more specialized workforce availability (not just the number of skilled workers, but rather the number of workers with very particular skills); dramatically better flight service (i.e., direct flights to key domestic and often international locations); and better access to key customers and suppliers. For Virginia's smaller metros and rural regions to consistently participate in the growth of the Commonwealth (as envisioned by transformational goal no. 2), Virginia must position itself to succeed where nearly all other states have failed – and must successfully confront competition from states that are far more aggressive in their economic development efforts than Virginia.

### Virginia's Economic Competitiveness

With a wealth of human capital, geographic, and infrastructure assets; an attractive, stable business climate; and a tradition of effective governance, the Commonwealth has long been considered one of America's best states for business. However, for many of Virginia's strengths, the Commonwealth also has corresponding weaknesses, as illustrated in Figure 1.7 on the following page.

For example, with top 10 rankings for both public schools and higher education, Virginia has one of the highest levels of educational attainment in the country. Yet Virginia typically is not considered one of America's leaders in state workforce development programs, as the top-ranked states (e.g., Georgia, Louisiana) offer turnkey, customized workforce recruitment and training incentive programs. Compared to other states, Virginia's state/local business tax burdens for existing firms are relatively low, but state/local tax burdens for new firms and expansions of existing firms here are considerably less competitive.

**Figure 1.7. Virginia's Economic Competitiveness: Abundant Strengths Partially Offset by Corresponding Weaknesses (Examples – Not Comprehensive)**

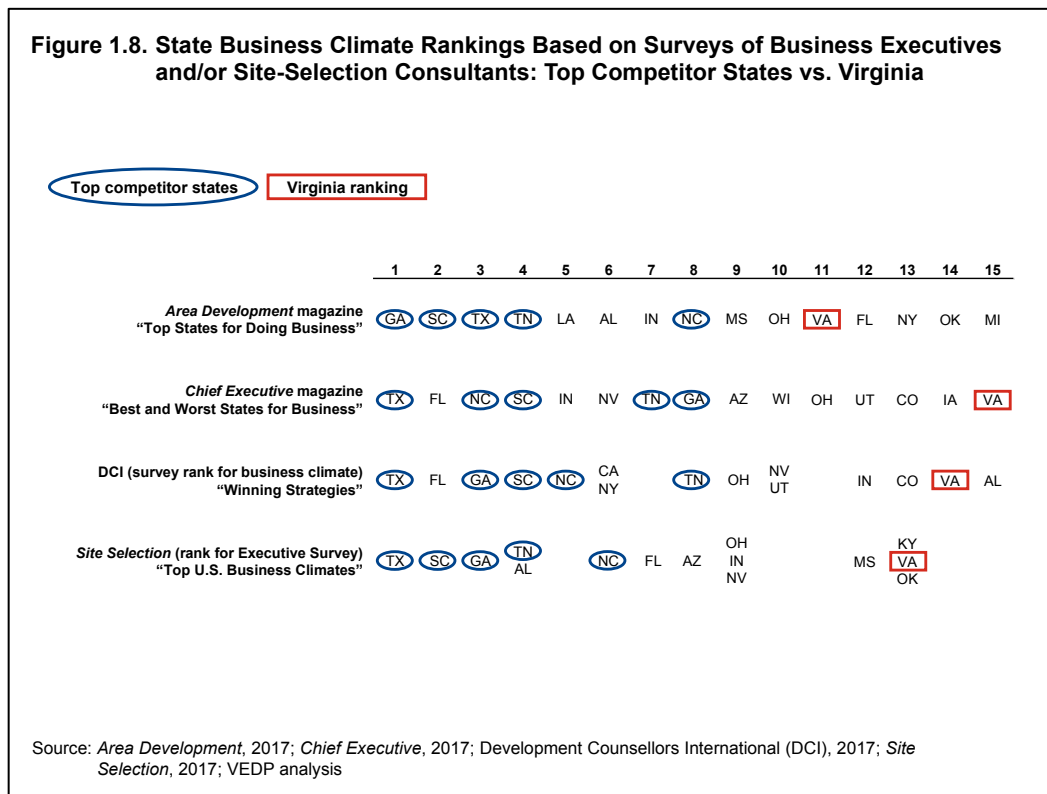
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>▪ Top 10 rankings for educational attainment, higher education, K-12</li> <li>▪ Wide range of attractive small sites (&lt;25 acres) in some regions</li> <li>▪ Geographic location (e.g., Mid-Atlantic, contiguous with Washington, D.C.)</li> <li>▪ Below average state/local tax burdens for existing firms</li> <li>▪ Impressive Port of Va., NOVA airports, and spaceport on the Eastern Shore</li> <li>▪ Diverse range of high-quality employers and headquarters</li> <li>▪ Impressive range of federal laboratories, higher ed research</li> <li>▪ Generally high-quality, high-speed broadband in served areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of a customized workforce incentive program offering; insufficient CS pipeline</li> <li>▪ Meager inventory of large sites (especially 100+ acres) and certified sites</li> <li>▪ Site development timeline/cost challenges due to lack of investment and topography</li> <li>▪ Uncompetitive state/local tax burdens for new investment*</li> <li>▪ Metro, traffic congestion challenges in NOVA; road limitations in ROVA</li> <li>▪ Unusually high reliance on federal government-related activities</li> <li>▪ Limited commercialization of intellectual property</li> <li>▪ Large swaths of Virginia have no broadband access</li> </ul>
<p>* VEDP has identified a potential error in KPMG's tax rankings that, if confirmed and corrected, could improve Virginia's state/local tax burden ranking for new, capital-intensive manufacturers from nearly the worst in America to the mid-20s</p> <p>Source: U.S. News &amp; World Report; Tax Foundation/KPMG; interviews with site consultants; McKinsey; VEDP analysis</p>	

Virginia's many strengths enabled the Commonwealth to enjoy a long run of healthy growth, but much of that growth was fueled by federal government activity that no longer is as robust or certain as it once was. Meanwhile, other states with fewer built-in advantages have worked steadily to improve their business climates and economic development offerings such that Virginia's previous distinction as a top-ranked state for business has faded.

A decade ago, Virginia was regularly ranked as the top or nearly the top state for business in America. For example, in 2007 and again in 2009, three national rankings organizations (CNBC, Forbes, and Pollina Corporate Real Estate) each ranked Virginia no. 1. Since then, the Commonwealth has fallen in every national ranking of state business climates, with an overall average decline of about seven places since 2009. A variety of factors contributed to these declines. Most prominent among the causes were the Commonwealth's slowdown in economic growth and expectations of future growth (principally driven by sequestration), poor rankings for business costs (particularly state/local tax burdens for startups and expansions of existing firms), and a decline in the perceptions of Virginia among corporate executives and site-selection consultants. The latter was driven in part by the Commonwealth's decision to stop marketing itself as an attractive location for business investment. While Virginia has a robust,

effective marketing budget for tourism, the Commonwealth eliminated its modest economic development marketing budget years ago.

In contrast to past years, the Commonwealth no longer ranks among the top 10 states for business in any published national survey of business executives and/or site consultants, as illustrated in Figure 1.8. Notably, top competitor states, including North Carolina, South Carolina, Georgia, Tennessee, and Texas, place higher than Virginia in all four of these rankings. Virginia’s relatively poor showing versus its competitors in executive surveys is driven by a lack of awareness of the Commonwealth’s assets, which in turn largely is the result of Virginia having an economic development marketing budget of approximately zero. In contrast, top competitor states typically have multimillion-dollar economic development marketing budgets, in addition to their marketing budgets for tourism.



This Strategic Plan includes strategies and initiatives designed to enhance Virginia’s economic competitiveness as well as recommends creating a targeted marketing and lead-generation program (including a special focus on rural Virginia) to ensure that key corporate executives and site-selection consultants in the U.S. and beyond are aware of the Commonwealth’s many advantages for business. The combination of these efforts will enable Virginia to return to its previous national leadership position atop the various national business climate rankings of states (transformational goal no. 3), while also positioning the Commonwealth overall for faster, more broadly shared economic growth (transformational goal nos. 1 and 2).

## **Assessment of VEDP's Current Position**

Two decades ago, the Governor and General Assembly of Virginia created VEDP, a quasi-independent state economic development authority governed by a board of directors that spans gubernatorial administrations. This relatively novel governance structure offers the opportunity for VEDP to be a professional, nonpartisan state EDO with stable leadership that can operate nimbly and creatively to encourage the expansion of the Commonwealth's economy.

As Virginia's state EDO, VEDP must effectively execute a variety of functional roles, such as marketing, lead generation, international trade development, prospect research, project management, and incentives administration. State EDOs tend to be highly effective at some functions and less effective at others; accordingly, there is no single state EDO that is the best at every core function. During its strategic planning process, VEDP completed a critical self-assessment of each of these core functions, comparing its current approach for each function with that of organizations considered to be among the best in each area. Collectively, these functional assessments resulted in the identification of specific performance improvement opportunities and revealed important economic development capabilities that VEDP currently lacks.

The Code of Virginia details a variety of VEDP duties that can be summarized into the following eight core responsibilities. This Strategic Plan details how VEDP can best add value relative to each of these statutory duties as well as its various statutory powers, with a central focus on achieving the previously referenced five transformational goals.

- Ensure that effective marketing programs are delivered
- Encourage exports of Virginia products and services
- Engage in business development activities
- Engage in product development activities
- Encourage coordination of organizations engaged in economic development
- Assist in developing economic development strategies for Virginia
- Administer economic development incentive programs
- Fulfill various administrative and reporting responsibilities

By addressing improvement opportunities identified through its functional assessments and determinations of how best to add value relative to its statutory duties and powers, VEDP will be well positioned to achieve transformational goal no. 4 – to become (once again) one of the premier state EDOs in America.

Finally, recognizing that economic development is a team sport in which VEDP is just one of many important players, this Strategic Plan places a special focus on alignment and coordination. By better defining alignment and coordination protocols and committing fully to follow them in a spirit of genuine partnership, VEDP will be well positioned to achieve the fifth transformational goal – to exhibit collaboration and coordination as its hallmarks.

### Assessment of VEDP's Core Functions

An important part of VEDP's strategic planning process involved conducting a self-assessment of the organization's core functions, as illustrated in Table 1.1 on the following page. Each core organizational function was scored based on its current level of effectiveness in comparison to best-in-class peers that were selected on a function-by-function basis (e.g., the same state EDO might be outstanding for one function and underdeveloped for another). A score of 0% would

mean that the function doesn't exist at VEDP, whereas a score of 100% would mean that VEDP itself is the national leader with little room for improvement. For example, VEDP's international trade development programs (scored at 80%) generally are considered among the best in the country, with incrementally more impact possible with increased funding, but VEDP's marketing efforts (scored at 5%) are nearly nonexistent due to a lack of any funding for marketing.

**Table 1.1. VEDP's Current Performance Relative to Top-Performing Organizations, by Function**

Categories of Activity	Specific Function	Performance vs. Top Group(s)*	Comment
<b>Business Development</b>	Research: GIS solutions	75%	More fully leverage robust capabilities in RFP responses
	Research: proposal support	65%	Need more customer feedback, improved data visualization/graphics
	Research: online real estate data	65%	Planning refresh: layout, functionality, and mobile device capability
	Research: economic / market research	65%	Need stronger mktg. materials by industry plus bus. intelligence for lead generation
	Research: workforce analytics	60%	Opportunities to improve insights and display methods
	Marketing: website	40%	Current website undergoing substantial modernization and refresh
	Project management	30%	Significant improvements underway; need customized approach to pitches
	Site-selector cultivation	20%	Need proactive, multi-channel cultivation of ~200 top site-selection consultants
	Lead generation	20%	Need to develop highly intelligent, multi-channel activities (with ROI evaluation)
	Business retention/expansion	10%	Developing targeted program in close collaboration w/ local/regional EDOs
	Marketing: other	5%	Virginia currently "silent"; needs to invest \$7-10 million annually like peer states
<b>Product Development</b>	Site identification and development	25%	Current resources limit ability to deliver, resulting in weak sites portfolio
	Economic competitiveness	20%	Focus more attention on identifying and addressing competitiveness opportunities
<b>Trade Dev.</b>	Trade development	80%	Opportunity to expand trade programs and improve collaboration with FDI cultivation
<b>Workforce Dev.</b>	Workforce solutions	25%	VJIP well regarded, but top-ranked programs offer turnkey solutions
<b>Partner Relations</b>	Government relations	60%	Needs more proactive approach, e.g., systematic/routine outreach
	Partner support and collaboration	40%	Developing standard protocol; bringing back regular meetings with partners
<b>Support Functions</b>	IT	50%	Explore opportunities to reallocate app resources to more strategic uses
	Incentives administration and reporting	50%	Streamline eval./proposal process; ensure consistent monitoring/reporting
	Talent management	40%	Current focus is traditional HR; limited talent cultivation and prof. development
	Incentive offerings: discretionary	30%	Build MEI partnership to better prepare to win transformational projects
	Incentive offerings: statutory	20%	Lack of options means Virginia's tax burden is worse for new vs. existing firms

\* Assessments are based on strategy, resources, and execution in comparison to best-in-class peers; they do not directly reflect employee performance

Source: interviews with selected peer/aspiration organizations and site consultants; *Area Development* (2017); VEDP analysis

As illustrated in Table 1.1 above, VEDP has substantial room for improvement in most of its core functions. Some of these improvement opportunities can be addressed with existing resources (e.g., partner support and collaboration), while others (e.g., custom workforce solutions and targeted marketing efforts) cannot be accomplished without new funding. This Strategic Plan details what would be required to close each of these performance and capability gaps in order to substantially increase the effectiveness and impact of VEDP's efforts. In considering ways to improve VEDP's core functions, the strategic planning effort primarily focused on identifying ways to close major gaps and address known problems; there was less analysis on areas such as International Trade that are already well regarded as strong performers within Virginia and in the national context.

#### How VEDP Can Best Add Value Relative to Its Statutory Duties

With changes adopted in 2017, the Code of Virginia now requires VEDP to systematically assess how it can best add value relative to its various statutory duties and powers. During the strategic planning process, VEDP completed an assessment to make those determinations, the results of which are summarized at a high level in Table 1.2 on the following page.

First, VEDP summarized its statutory duties and powers into nine broad categories. In conducting its self-assessment, VEDP then compared its current approach and performance relative to each duty and power to how the authority could *best* add value. The degree to which VEDP's current approach and performance approaches this envisioned ideal state is reflected as a percentage. The findings outlined in this exercise, along with other planning efforts, were used to develop strategies and initiatives focused on improving VEDP's effectiveness, efficiency, and impact.

**Table 1.2. Summary of How VEDP Can Best Add Value Relative to Its Statutory Duties and Powers**

Category of Statutory Powers or Duties	Current as a Percent of Best-Add-Value Approach	How VEDP Can Best Add Value	Incremental Investment (\$M/yr, est.)
Ensure that effective marketing (and lead generation) programs are delivered	20%	Launch a robust, modern, marketing and branding, site consultant cultivation, and lead-generation program to improve perceptions and awareness of Virginia's assets, as well as produce more high-quality leads	10-12
Engage in business development activities	30%	Improve project mgmt. via partner protocols, customized solutions, and enhanced knowledge of sectors; enhance communications w/ partners; launch robust BRE program; create a world-class, turnkey, customized workforce recruitment and training incentive program; and launch Project Development and Special Opportunities Fund	18-23
Engage in product development activities	40%	Build site intelligence capabilities; expand current Virginia Business Ready Sites Program and site inventory; and engage in long-term site/building capacity building efforts	TBD
Encourage coordination of organizations engaged in economic development	40%	Work collaboratively with local and regional economic development practitioners to implement recently developed economic development protocols, and implement regular, proactive communications plan; also begin regular outreach with other key partners to encourage more effective coordination of state economic development efforts	0
Encourage exports of Virginia products and services	80%	Build on existing, well-regarded, oversubscribed programs by expanding staff and programs	5-7
Assist in developing economic development strategies for Virginia	20%	Reformulate Economic Competitiveness team to lead economic development strategy projects with strong analysis and stakeholder engagement; establish Economic Development Innovation and Research Fund to provide third-party expertise on complex, high-impact opportunities	1.5-3.0
Administer economic development incentive programs	50%	Create a best-in-class Division of Incentives tasked with reviewing, vetting, tracking, and coordinating VEDP-administered, discretionary, and other Commonwealth incentive programs	0.7
Fulfill various administrative and reporting responsibilities	75%	Ensure timely and efficient completion of all required administrative and reporting requirements; implement training and professional development program for VEDP staff; establish new Internal Audit function reporting to Board	0.6
Utilize powers granted to VEDP under statute to carry out its duties	50%	Fully utilize powers to own and manage property (especially for site/building development); proactively provide advice to partners on economic development services; and conduct distinctive, actionable research	TBD

While the previously referenced functional assessments and these determinations of how VEDP can best add value relative to its statutory duties represented somewhat different approaches to identifying performance improvement opportunities, each of these processes suggested largely similar actions to improve VEDP's impact and effectiveness. The outcomes of these two analyses are incorporated into the strategies and initiatives detailed in this Strategic Plan.

### Alignment and Coordination with Economic Development Partners

Nearly every economic development win results in large part from the efforts of a variety of individuals and organizations that are interested in expanding economic opportunity in the Commonwealth. Accordingly, while VEDP plays an important role in economic development,



much of VEDP’s potential impact lies in its efforts to encourage the coordination of the many local, regional, and state organizations involved in economic development.

A central focus of this Strategic Plan is improving alignment and coordination among VEDP and its various partners. Figure 1.9 provides an overview of the four major types of VEDP partners, as well as how VEDP envisions working with each of them in the future.

**Figure 1.9. Four Major Types of VEDP Economic Development Partners and Associated Coordination and Alignment Strategies**

	<b>Examples (not comprehensive)</b>	<b>Coordination and Alignment</b>
<b>State Leadership Partners</b>	<ul style="list-style-type: none"> <li>▪ Governor</li> <li>▪ General Assembly</li> <li>▪ Secretary of Commerce and Trade</li> <li>▪ Secretary of Finance</li> <li>▪ MEI Commission – members and staff</li> </ul>	VEDP will meet with the Governor, Secretary of Commerce and Trade, and Secretary of Finance as often as they may desire (ideally twice per month for Secretary of Commerce and Trade) to discuss leads and active projects as well as align on strategic priorities. VEDP will seek a monthly meeting with the MEI Commission to discuss active projects and opportunities to enhance Virginia’s economic competitiveness.
<b>Local and Regional Economic Development Practitioners</b>	<ul style="list-style-type: none"> <li>▪ Local economic development practitioners and EDOs (e.g., Halifax IDA, Hampton Economic Development Authority)</li> <li>▪ Regional EDOs (e.g., Onward New River Valley, Shenandoah Valley Partnership)</li> </ul>	VEDP will follow protocols developed with local and regional partners. The protocols document includes communications, project management, lead generation, BRE visits, RFI responses, and more. An annual survey will seek feedback on implementation. VEDP also will periodically engage partners (e.g., semiannual meetings with local and regional EDOs) to discuss joint marketing efforts and programmatic initiatives.
<b>Project Delivery Partners</b>	<ul style="list-style-type: none"> <li>▪ Port of Virginia</li> <li>▪ Railroads</li> <li>▪ Utilities</li> <li>▪ State agencies (DHCD, VDOT, VDACS, VDEQ, SBSB)</li> <li>▪ Virginia higher education institutions</li> <li>▪ Virginia Tobacco Region Revitalization Commission</li> </ul>	VEDP engages project delivery partners whenever needed for specific economic development projects. Additionally, VEDP will propose semiannual leadership meetings with each partner organization to share priorities and discuss opportunities to better coordinate efforts. Finally, VEDP’s Economic Competitiveness Division will seek input from each project delivery partner on public policy and programmatic matters that could be addressed to improve Virginia’s economic competitiveness.
<b>Policy and Programmatic Partners</b>	<ul style="list-style-type: none"> <li>▪ Virginia Economic Developers Assoc.</li> <li>▪ Virginia Chamber of Commerce</li> <li>▪ Trade associations (e.g., Virginia Maritime Association, NVTC)</li> <li>▪ Local/regional chambers of commerce</li> <li>▪ GO Virginia</li> <li>▪ VACo and VML</li> <li>▪ Center for Innovative Technology</li> <li>▪ SCHEV</li> </ul>	VEDP will engage policy and programmatic partners at least once per year (and in some cases considerably more frequently, such as with GO Virginia, the Virginia Chamber of Commerce, and VEDA) in order to share priorities and discuss policy and/or programmatic opportunities to improve Virginia’s economic competitiveness. When resources are available to do so, VEDP also will offer to partner with one or more organizations to conduct sector-specific research projects focused on positioning Virginia to grow strategically important industry sectors.

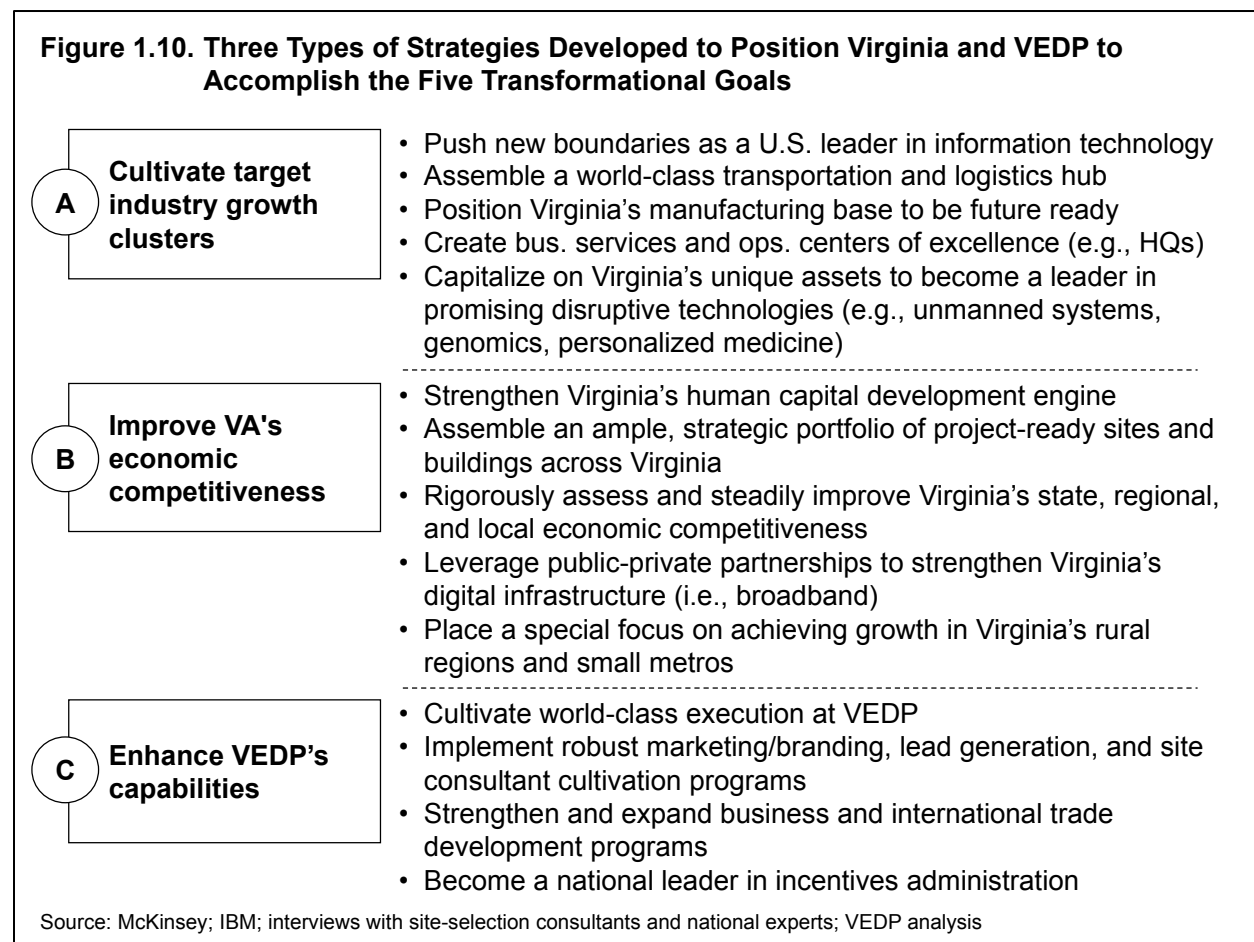
During the strategic planning process, a special focus was placed on VEDP’s coordination with local and regional economic development practitioners who collectively represent VEDP’s core partner group. With input from many local and regional partners, VEDP crafted a set of economic development protocols that provides clarity about how we will do our work together. VEDP intends to survey its partners once per year to seek feedback on how well the new protocols are working as well as to identify ways that VEDP can better execute its various operational commitments in those protocols.

A substantial challenge that must be acknowledged is that, based on IEDC-recommended funding sufficiency levels, most regional EDOs in Virginia are woefully underfunded relative to their missions. Likewise, many localities in Virginia have meager (or even zero) economic development budgets. The combination of these factors places even more pressure on VEDP to effectively perform its statutory duties as a strong state EDO for its regional and local partners,

especially in marketing and lead generation, yet the lack of state funding for marketing efforts means that VEDP currently is ill-equipped to pick up the slack.

## Strategies and Initiatives

After integrating elements from the Economic Growth Analysis, as well as gathering partner suggestions, VEDP drafted a framework for action, including three types of strategies and 14 major strategies that collectively will, if funded and implemented as recommended, position the Commonwealth and VEDP to achieve the five transformational goals. These are summarized in Figure 1.10.



Building on the distinctive strengths of Virginia and its regions, the Economic Growth Analysis identified five promising industry growth clusters, each with a variety of subsectors, that can be cultivated to position the Commonwealth for faster growth. The associated initiatives are briefly summarized in Table 1.3. The “H/M/L” designations refer to high, medium, and low impact, respectively.

**Table 1.3. Strategies to Cultivate Target Industry Growth Clusters**

Strategy	Initiative	Incremental Investment (\$M/yr., avg.)	Impact on Goals					Execution (FY)		Leader(s)
			1	2	3	4	5	Start	Full	
Push new boundaries as a U.S. leader in IT	Attract firms in the Cybersecurity 500 index	7.5	H	L	M	L	L	20	21	VEDP
	Commit state financial support for expanded, 21st-century technology campus(es)	10.0	H	L	M	L	L	20	23	TBD
Assemble a world-class transportation and logistics hub	Collaborate with The Port of Virginia to enhance its economic development efforts	See other initiatives*	H	M	M	M	H	19	21	Port, VEDP**
	Embrace regulatory experimentation to develop the next-gen of transportation and logistics technology	TBD	M	L	M	L	L	20	22	TBD
Position Virginia's manufacturing base to be future-ready	Enhance the toolkits, strategies, and assets on hand to attract targeted firms	5.1	M	H	M	M	H	19	21	VEDP, Partners
Create business services and operations centers of excellence	Develop clusters built around IT-focused Big Push efforts	11.0	H	H	M	M	H	19	23	VEDP, Partners
	Enhance existing technology transfer efforts at universities and federal labs	1.1	M	L	M	L	L	20	22	TBD***
Capitalize on Virginia's unique assets to become a leader in promising disruptive technologies	Expand the startup ecosystem through dedicated resourcing and support	1.6	H	M	M	L	L	20	22	TBD***
	Create an InnoVAte team to enhance Virginia's innovation ecosystem and branding	4.0	H	M	M	L	L	20	22	TBD***
<b>Totals</b>		<b>\$40.2</b>								

\* Incremental investment estimates captured in other initiatives, such as site development and manufacturing attraction  
 \*\* Strategy will be updated to reflect collaboration with The Port of Virginia's economic development strategy, once finalized  
 \*\*\* Owners likely will include a combination of CIT and university technology transfer offices, among others

While VEDP and its partners can collaborate to cultivate these target sectors, the Economic Growth Analysis suggested that Virginia's growth aspirations will not be realized without also improving the Commonwealth's economic competitiveness, including initiatives to strengthen Virginia's human capital development engine, prepare a strategic sites portfolio, and expand broadband access. The associated initiatives are listed in Table 1.4.

**Table 1.4. Strategies to Enhance Virginia's Economic Competitiveness**

Strategy	Initiative	Incremental Investment (\$M/yr., avg.)	Impact on Goals					Execution (FY)		Leader(s)
			1	2	3	4	5	Start	Full	
Strengthen Virginia's human capital development engine	Create a turnkey, customized workforce recruitment and training incentive program	17.0	H	H	H	H	H	19	22	VEDP, VCCS
	Expand supply of high-need baccalaureate degrees in critical fields	<i>Developing*</i>	H	H	H	L	L	20	23	SCHEV, Partners
	Expand supply of high-need subbaccalaureate degrees and other credentials in critical fields	<i>Developing*</i>	H	H	H	L	L	19	23	VCCS, Partners
	Upgrade VA's labor market data infrastructure to empower data-driven decision-making	2.5	H	H	M	L	L	20	21	TBD
	Build excitement for 21st-century technology education and careers in K-12	4.2	H	L	M	L	L	20	23	TBD
	Provide targeted incentives to produce and retain talent with high-demand skills and experience	<i>Developing*</i>	H	H	M	L	L	20	23	TBD
Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia	Integrate employer partnerships more deeply into the workforce and education ecosystem	2.6	H	H	M	L	L	20	22	TBD
	Strategically enhance Virginia's portfolio of development-ready sites and buildings	1.7	M	M	L	M	M	19	22	VEDP, GO Virginia
Rigorously assess and steadily improve state, regional, and local economic competitiveness	Develop a public-private partnership to launch and manage a Site Improvement Fund	<i>Developing*</i>	H	H	M	M	M	20	23	VEDP, GO Virginia
	Build a best-in-class Economic Competitiveness team within VEDP	1.1	H	H	H	H	H	19	22	VEDP
	Pursue a national rankings initiative to develop strategies and plans for marked improvement	TBD	M	M	H	H	M	19	21	VEDP, VA Chamber
	Launch an Economic Development Innovation and Research Fund	1.8	H	H	H	H	H	19	21	VEDP
	Proactively address key elements of regional economic competitiveness	TBD	M	H	M	M	H	19	21	VEDP, Partners
	Develop a framework for assessing local economic competitiveness	TBD	M	M	M	M	H	19	21	VEDP, Partners
Leverage P3s to strengthen Virginia's digital infrastructure	Assess VA's state/local tax burdens and propose targeted solutions to improve tax competitiveness	TBD	M	M	M	H	M	19	23	TBD
	Marshal the Commonwealth's full support behind expanding broadband access	<i>Developing*</i>	M	H	M	L	L	20	23	TBD
Place a special focus on growth in small metros and rural regions	Pursue a focused economic development strategy sufficient to position rural VA for growth	See other initiatives **	L	H	M	M	H	19	23+	VEDP, Partners
<b>Total (excluding developing concepts whose investment figures are being refined)</b>		<b>\$30.8</b>								

\* Investment figures for developing concepts will be further refined

\*\* Investment estimates included in other initiatives (e.g., marketing, turnkey workforce solution)

Finally, in order for VEDP to effectively attract sophisticated companies as well as to effectively partner with other organizations to drive Virginia's economic development, its capabilities must be enhanced, with a particular focus on world-class execution, marketing and lead generation, creative and professional project management, and robust incentives administration, including due diligence, incentive structuring, and post-announcement monitoring and reporting. Table 1.5 on the following page references the proposed initiatives associated with enhancing VEDP's capabilities.

Strategy	Initiative	Incremental Investment (\$M/yr., avg.)	Impact on Goals					Execution (FY)		Leader(s)
			1	2	3	4	5	Start	Full	
Cultivate world-class execution within VEDP	Implement protocols for alignment and coordination	0.0	M	M	M	H	H	19	20	VEDP, Partners
	Establish structured quarterly communications program with economic development partners	0.0	L	L	L	H	H	19	20	VEDP
	Implement a training and professional development program for VEDP staff	0.2	M	M	L	H	H	19	20	VEDP
Implement robust marketing/branding, lead generation, and site consultant cultivation programs	Implement a robust marketing, branding, and site consultant cultivation program for Virginia	7.5	H	H	H	H	L	19	20	VEDP
	Upgrade VEDP's lead generation capabilities	1.0	H	H	M	H	M	19	21	VEDP
	Implement a strategic site consultant cultivation program	1.0	M	M	H	H	M	19	20	VEDP, Partners
Strengthen and expand business and international trade development programs	Expand VEDP's Business Retention and Expansion (BRE) program	1.4	H	H	M	H	H	19	21	VEDP, Partners
	Build deep, dedicated cluster expertise within VEDP's Business Investment division	2.7	H	M	H	H	H	20	22	VEDP
	Expand VEDP's well-regarded and oversubscribed International Trade development programs	4.3	M	L	L	H	M	19	23	VEDP
	Strengthen VEDP's approach to project mgmt. to communicate Virginia's total value proposition	0.0	M	M	L	H	H	19	21	VEDP
	Launch a Project Development and Special Opportunities Fund (partially implemented)	1.5	H	H	M	H	H	19	20	VEDP
Become a leader in incentives structuring, administration, and transparency	Build a dedicated division of incentives	0.6	-	-	M	H	H	19	21	VEDP
	Develop best-in-class incentives reporting functions	0.0	-	-	M	H	L	19	20	VEDP
	Position Virginia to secure transformational economic development projects	TBD*	H	H	M	H	H	19	20	VEDP
<b>Totals</b>		<b>\$20.2</b>								

\* Investment levels will be project-specific and approved on a case-by-case basis by the MEI Commission

The Economic Growth Analysis suggests that these strategies and the initiatives associated with them, if fully implemented as proposed, could yield roughly 45,000 net new jobs per year (including direct and indirect jobs), on average, in the next decade, over and above baseline growth forecasts. To be explicit, these 45,000 potential net new jobs per year are in addition to the 30,000 net new jobs annually that recent forecasts predict. Implementation and execution of this Strategic Plan will unfold over the next five years, depending on resourcing levels. Each year of 45,000 new jobs over the baseline growth will add roughly \$85 million annually in sales tax and personal income tax revenues, excluding revenues from new corporate income taxes and local taxes. Accordingly, if the various strategies and initiatives are fully implemented and sustained for a decade, state tax revenues will increase roughly \$850 million per year over and above baseline growth.

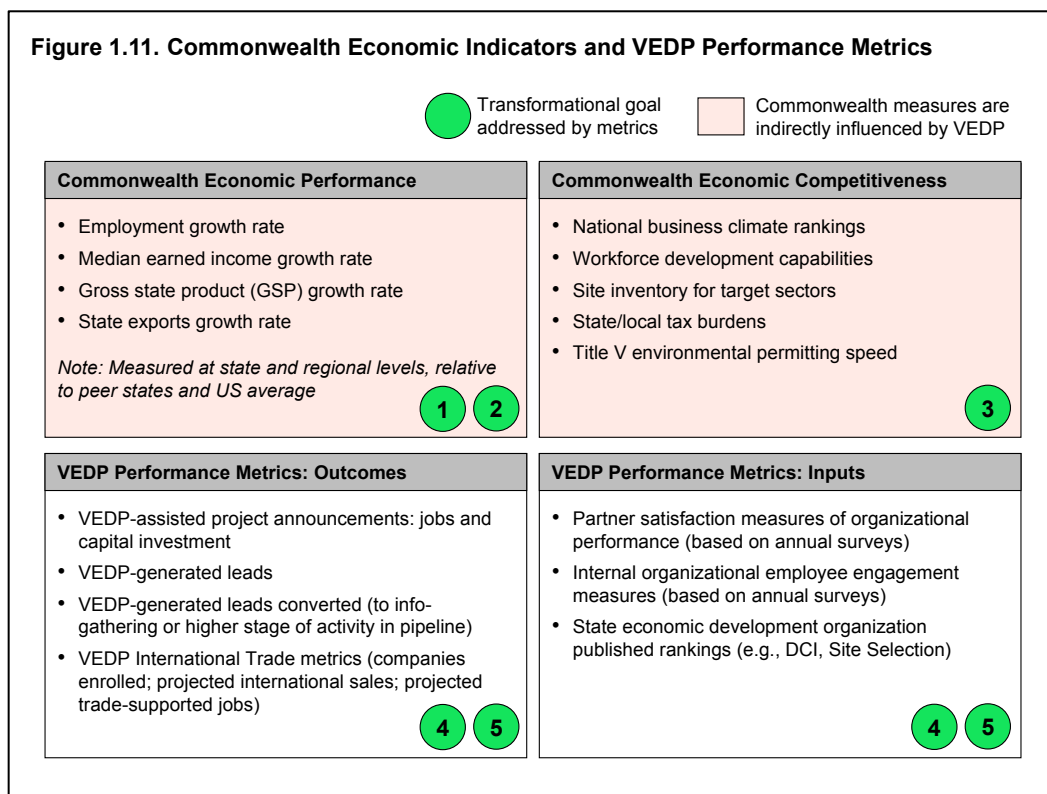
Full implementation of the proposed strategies and initiatives detailed in the previous three tables would require substantial new state investment, ramping up over five years to approximately \$90-95 million annually, excluding the five developing initiatives noted in Table 1.4. The developing initiatives require additional development to refine their designs and cost estimates. Collectively the developing initiatives are likely to require an additional annual investment ramping to roughly \$150-200 million over five years.

While these investments are considerable, the benefits of fully implementing this Strategic Plan would be transformational for the Commonwealth. In addition to the previously referenced new state tax revenue, Virginia would benefit from a return to net domestic population in-migration, billions more in sales for small businesses, substantially more economic opportunity in smaller metro areas and rural regions, and a restoration of its previous standing as one of America's best states for business.

Success will require collaboration across the previously referenced economic development partners (see Figure 1.9), high levels of execution from both VEDP and its partners, and the leveraging of technical expertise in certain high-impact areas (e.g., IT, genomics). Just as important, success will require significant investments, as previously noted.

## Performance Indicators and Measures

Sound execution must be accompanied by detailed and meaningful progress monitoring. In order to measure success against each transformational goal as well as their precursors, VEDP has outlined two sets of economic metrics that it intends to track. The first set are Commonwealth performance metrics that are beyond VEDP's direct control but function as indicators guiding VEDP's strategies. The second set directly reflect VEDP's activity and performance. Figure 1.11 highlights the envisioned performance indicators and metrics.



Baseline and target metrics will be developed as part of VEDP's annual operational planning process. These indicators and metrics will be refined over time with input from VEDP's local, regional, and state partners.

## Conclusion and Call to Action

This Strategic Plan outlines an ambitious economic vision for Virginia and VEDP as well as specifies what is required to bring that vision to life. It begins by articulating five transformational goals and ends with a comprehensive list of targeted, actionable strategies and initiatives,

complete with performance metrics, cost and impact estimates, as well as suggested owners and implementation timelines for each of the initiatives.

Virginia has an important choice to make – maintain the status quo, watching peer states continue to outpace Virginia while some of the Commonwealth’s rural regions continue to languish, or commit to adapt, innovate, and invest in strategies that will drive healthy, broadly shared growth over the next decade and beyond. With a belief in Virginia’s unrealized growth potential and in a spirit of continued collaboration with its various partners, VEDP sets forth this strategic vision for economic development in the Commonwealth of Virginia.

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*Please note that this Strategic Plan will be complemented by an annual Operational Plan and an annual Marketing Plan – separate documents representing new requirements in the Code of Virginia – that will provide detailed tactical action plans for implementing VEDP’s strategic initiatives and other activities with improved accountability and performance. Additionally, the strategic planning process did not focus on agriculture (other than agriculture-related value-added manufacturing opportunities, such as food and beverage processing) or tourism because there are other state agencies with particular expertise and responsibility in those areas.*

# FY18 TRANSITIONAL VEDP MARKETING PLAN

October 2017

In accordance with Sections 2.2-3705.3 (7) and 2.2-3705.7 (33) of the Code of Virginia of 1950, as amended, and Items 33 F.2. and 33 H.5. of Chapter 836 of the 2017 Acts of the Virginia General Assembly, the Virginia Economic Development Partnership Authority hereby designates all portions of this Marketing Plan to be protected from disclosure under the Virginia Freedom of Information Act, except for the Executive Summary.



# FY18 VEDP MARKETING PLAN: EXECUTIVE SUMMARY

Economic development marketing is a critical component of awareness-building and lead generation. Because the business location decision process relies not only on defined quantitative evaluation but impression as well, strategic marketing efforts can make a substantial impact on a state's ability to attract investment.

The Code of Virginia charges VEDP with economic development marketing responsibilities, specifically requirements to:

- See that effective economic development marketing and promotional programs are carried out
- Develop and update biennially a marketing plan for the Commonwealth as a whole

VEDP will focus its FY18 marketing efforts on 7 key industry sectors: corporate services, food and beverage processing, information/communication technologies, life sciences, manufacturing, supply chain management, and unmanned systems

In addition, VEDP will implement a targeted site selection consultant cultivation effort to raise awareness and improve perceptions of Virginia as a premier business destination among this highly-valued influencer group.

In FY18 (given ~\$0 is available for recurring, third-party marketing for economic development), VEDP's Communications and Promotions Division will make limited but strategic one-time investments to improve the brand image for both Virginia and the organization. These efforts will include an updated brand identity and an upgraded website presence. Additionally, the division will continue to handle economic development communications and announcements.

The new Business Investment team model includes staffing at all stages of engagement: strategy development & implementation, lead generation, and project management; the structure includes a lead generation team solely focused on business expansion and attraction with comprehensive outreach (i.e., FDI, domestic, and existing Virginia firms) and a sector-focused approach for deeper industry knowledge (i.e., products, services & technology).

Over the course of FY18, the Business Investment Division, in conjunction with regional and local economic development partners, will attend multiple trade shows and conduct missions to promote Virginia for business. These efforts will be supported by lead generation calling campaigns and activities conducted by representatives in VEDP's foreign offices.

The Business Investment FY18 annual performance goals are 14,500 new direct jobs, \$2.5 billion in capital investment, 400 leads generated, and 100 leads converted.

# VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

## FY 2017-2018 OPERATIONAL PLAN EXECUTIVE SUMMARY

**December 1, 2017**



**VIRGINIA ECONOMIC  
DEVELOPMENT PARTNERSHIP**

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# INTRODUCTION

- The Virginia Economic Development Partnership Authority (VEDP) was established by the General Assembly in 1995 (Code of Virginia, § 2.2-2234).
- VEDP is given broad powers in its enabling legislation “...to encourage, stimulate, and support the development and expansion of the economy of the Commonwealth.”
- This operational plan has been prepared in accordance with the 2017 Virginia Acts of Assembly, Chapter 780, which requires that an operational plan be completed and submitted to the Chairmen of the House Appropriations and Senate Finance Committees and to the Director of the Department of Planning and Budget prior to July 1, 2017.
- VEDP is in the process of developing a five-year strategic plan, in accordance with legislation passed in the 2017 General Assembly session. This strategic plan will be presented to the VEDP Board in November.

# THE OPERATIONAL PLAN GUIDES VEDP'S ACTIONS THROUGHOUT THE YEAR

- The operational plan is the result of a three-month, VEDP-wide effort which identified improvement areas and new ideas for the coming year and translated those ideas into a plan for action. The operational plan is meant to:
  - Build clarity and alignment regarding VEDP's strategic direction
  - Outline major priorities with deliverables and deadlines for the year
  - Ensure improved accountability for performance
  - Deliver upon numerous improvement opportunities identified by VEDP team members
- Progress against the operational plan will be reviewed throughout the year through:
  - Weekly updates at the senior team meetings
  - Monthly internal meetings of each VEDP division (e.g., BI, Workforce, Trade)
  - Quarterly update meetings between each division head (e.g., Vice Presidents and Managing Directors) and their respective reports
  - Ongoing updates to the operational plan tracker

# VEDP'S ECONOMIC DEVELOPMENT FRAMEWORK PROVIDES OVERARCHING PRINCIPLES

- Economic development is a combination of activities intended to create jobs, increase wages, and/or achieve industry diversification
  - VEDP will primarily focus on growing the Commonwealth's economy and bringing the greatest number of high-quality jobs to Virginia's regions
  - VEDP will typically avoid actively recommending incentives or investments in projects that grow a region, community, or business at the expense of other regions, communities, or businesses
- Creating a new Virginia economy requires aggressive, focused leadership from VEDP in three broad areas of activity:
  - "Business development" aims to influence the investment and location decisions of corporate leaders (e.g., marketing, business attraction and recruitment)
  - "Product development" aims to increase Virginia's attractiveness for business investment and economic opportunity (e.g., public policy efforts, community development, site development)
  - "Trade development" aims to encourage exports of Virginia products and services
- Much of economic development is done at the regional or local level (e.g., site selection process, marketing leverage, business environment, economic relationships)
- VEDP will strive to make its incentive and investment recommendations based on public return-on-investment (ROI)

# VEDP'S STATUTORY RESPONSIBILITIES CAN BE CATEGORIZED INTO EIGHT CORE DUTIES

1. Ensure that effective marketing programs are delivered
2. Engage in business development activities
3. Engage in product development activities
4. Encourage coordination of organizations engaged in economic development
5. Encourage exports of Virginia products and services
6. Assist in developing Virginia's economic development strategies
7. Administer economic development incentive programs
8. Fulfill various administrative and reporting responsibilities

# THE NEW VIRGINIA ECONOMY: GOVERNOR MCAULIFFE'S ECONOMIC DEVELOPMENT STRATEGIC PLAN

Governor McAuliffe's four-year strategic economic development plan includes the following five priorities for building Virginia's New Economy:

- **“Project Ready” Infrastructure:** Virginia must ensure that assets such as project-ready sites, energy, housing, and broadband are able to attract multi-scale projects throughout the Commonwealth and advance the state's competitive position both nationally and globally
- **Diversified, High-Growth Industries:** Virginia must devote vital resources to bolster thriving industries while diversifying our economy to include high-growth industry sectors and expanded trade partnerships
- **Preeminent Business Climate:** Virginia must ensure that available tax incentives, regulations, and economic development tools can sustain and improve the Commonwealth's position as the best state in which to start and grow a business
- **Innovation and Entrepreneurs:** Virginia must pursue policies and public-private partnerships which attract talent, encourage entrepreneurship, promote business development and investment, and champion the creation and commercialization of cutting-edge products and services
- **“Credentials to Careers” Workforce:** Virginia must align educational priorities with the needs of public and private sector employers in order to supply students, workers, and transitioning veterans with the skills they need to thrive in a diversified 21<sup>st</sup> century economy



# ANTICIPATED VEDP AND COMMONWEALTH STRATEGIC, ASPIRATIONAL GOALS\*

1. Over time, position Virginia to achieve an employment growth rate ranking among the top five states in the U.S. and among the top three Southern states
2. Ensure every region in Virginia participates in the growth of the Commonwealth (i.e., all in positive territory)
3. Restore Virginia to its previously-held top position in major state business climate rankings (i.e., average in top three)
4. Reestablish VEDP as America's premier state economic development organization
5. Do all of this collaboratively, working closely with local, regional, and state partners

\*To be finalized during VEDP's 2017 strategic planning process

# VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP BOARD OF DIRECTORS

The Honorable Richard D. Brown  
Secretary of Finance, Commonwealth of Virginia

Carrie Hileman Chenery  
Executive Director, Shenandoah Valley Partnership

C. Daniel Clemente  
Chairman and CEO, Clemente Development Company, Inc.

Betsey Daley  
Director, Finance Committee, Virginia Senate

Heather Engel  
CSO and Partner, Sera-Brynn

Gregory B. Fairchild  
Isidore Horween Research Associate Professor of Business Administration and Academic Director of Public Policy and Entrepreneurship, Darden School of Business, University of Virginia

The Honorable Todd Haymore, Vice Chairman  
Secretary of Commerce and Trade, Commonwealth of Virginia

William “Bill” Hayter  
President and CEO, The First Bank & Trust Company

Chris A. Lumsden  
Administrator and President, Sentara Halifax Regional Hospital

John F. Reinhart  
CEO and Executive Director, The Port of Virginia

Ned W. Massee  
Croatan Advisors

Vincent J. Mastracco  
Partner, Kaufman & Canoles PC

Dan M. Pleasant  
COO, Dewberry

Xavier R. Richardson  
President, Mary Washington Hospital & Stafford Hospital Foundations, Mary Washington Healthcare

Carlos Tapias  
CEO USA, Phoenix Packaging Group

Robert Vaughn  
Director, Appropriations Committee, Virginia House of Delegates

John O. “Dubby” Wynne  
Chairman, Virginia Growth and Opportunity Board

# VEDP ORGANIZATIONAL OVERVIEW

- Business Investment (updated)
  - Adds to the project pipeline by identifying high-potential leads, converting leads to actively engaged prospects, and ultimately converting prospects to VEDP project opportunities
  - Manages business recruitment and expansion projects for traditional and emerging growth sectors in close collaboration with regional and local partners
  - Collaborates with regional and local partners on retention and expansion activities (e.g., proactive visits with executives) targeted at existing Virginia businesses and manages projects arising from these efforts
- Communications & Promotions (updated)
  - Manages all facets of VEDP's brand and builds awareness of our state's economic development opportunities and achievements
- Economic Competitiveness
  - Develops and initiates implementation of best-in-class economic development policies, processes, and investments to enhance state economic competitiveness
  - Ensures Virginia communities are development-ready, competitive, and prepared for business investment
- Fiscal and Support Services
  - Manages all accounting and budget-related work and provides facilities, fleet management, and procurement services
- Human Resources
  - Manages employee payroll and benefits and coordinates employee hiring, training, and performance reviews
- Incentives (new)
  - Reviews, vets, tracks, and coordinates economic development incentives administered by VEDP or incentives offered by the Commonwealth or a locality in conjunction with VEDP-administered incentives

# VEDP ORGANIZATIONAL OVERVIEW (CONT'D)

- Information Technology
  - Maintains and updates all internal web-based applications, provides support for teams working with outside web applications, such as Salesforce, and supports VEDP network services and devices
- Internal Audit (new)
  - Performs periodic audits on operations, accounts, and transactions and reports findings to the VEDP Board
- International Trade
  - Manages programs to increase international exports of Virginia goods and services
- Legal Services
  - Advises on legislation, rules, contracts, and other legal issues; manages legal activities
- Legislation and Policy
  - Manages VEDP's legislative agenda and other targeted initiatives by cultivating partnerships with local, state, and federal elected officials
- Research
  - Supports business development and other activities with relevant, insightful analysis
- Workforce Development
  - Administers the Virginia Jobs Investment Program, working to consult with companies on workforce needs and increasing Virginia's pipeline of qualified workforce-driven projects

# OVERVIEW OF VEDP-ADMINISTERED GRANT AND INCENTIVE PROGRAMS\*

- Commonwealth's Development Opportunity Fund Program (COF)
- Virginia Investment Partnership Grant Program (VIP)
- Virginia Economic Development Incentive Grant Program (VEDIG)
- Major Eligible Employer Grant Program (MEE)
- Virginia Jobs Investment Program (VJIP)
- Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund Program (VBAF)
- Virginia Business Ready Sites Program (VBRSP)
- Advanced Shipbuilding Production Facility Grant Program
- Aerospace Engine Manufacturing Performance Grant Program
- Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program
- Virginia Collaborative Economic Development Performance Grants

\*This list does not include the data center sales and use tax exemption or the corporate income tax single sales factor apportionment formula applied to data centers, both of which VEDP is involved in administering

# OVERVIEW OF GRANT AND INCENTIVE PROGRAMS

## VEDP IS REQUIRED TO COORDINATE AND TRACK

- Commonwealth Growth Accelerator Program
- Economic Development Access Program (EDAP)
- Enterprise Zone (EZ) Job Creation and Real Property Investment Grant Programs
- Governor's Agriculture and Forestry Industries Development Fund (AFID)
- Governor's Motion Picture Opportunity Fund (GMPOF)
- Port of Virginia Economic and Infrastructure Development Grant Program (POV)
- Rail Industrial Access Program
- Tobacco Region Opportunity Fund Grant Program (TROF)

# STATUTORY REQUIREMENTS TO BE ADDRESSED IN AN ADDENDUM TO THIS PLAN

The two following components of this year's operational plan required by statute will be submitted this November as an addendum to this plan:

## **Va. Code Ann. § 2.2-2237.1. Board of directors to develop strategic plan for economic development; marketing plan; operational plan; submission**

2. An operational plan for carrying out the powers and duties of the Authority. The operational plan of the Authority shall, at a minimum, include:

- a. A process to evaluate the Authority's effectiveness in exercising the powers and duties conferred by this article, including the Authority's ability to work with other state, regional, and local economic development organizations and international trade organizations; and
- b. A strategy for coordinating with state agencies that administer economic development incentive programs and relevant executive branch committees, councils, authorities, and commissions to maximize the effectiveness of state economic development programs and activities.

# STATUTORY AUTHORIZATION FOR WITHHOLDING PUBLICATION OF THE FULL FY18 OPERATIONAL PLAN

VEDP is withholding the full content of its FY18 Operational Plan pursuant to § 2.2-3705.7(33) of the Code of Virginia, which provides that certain provisions of the strategic plan, marketing plan, and operational plan may be excluded from the mandatory disclosure provisions of the Virginia Freedom of Information Act, but that the executive summaries of these plans may not be excluded.

In accordance with these provisions, VEDP retains the right to withhold or redact information regarding the agency's specific economic development strategies or tactics when revealing these internal strategies would adversely affect the Commonwealth's ability to compete for economic development projects.

In accordance with the act, VEDP is providing this executive summary version of the FY18 operational plan. The full text of the statute is provided below:

## **Virginia Freedom of Information Act**

### **Va. Code Ann. § 2.2-3705.7. Exclusions to application of chapter; records of specific public bodies and certain other limited exclusions.**

The following information contained in a public record is excluded from the mandatory disclosure provisions of this chapter but may be disclosed by the custodian in his discretion, except where such disclosure is prohibited by law. Redaction of information excluded under this section from a public record shall be conducted in accordance with § 2.2-3704.01.

33. Information contained in the strategic plan, marketing plan, or operational plan prepared by the Virginia Economic Development Partnership Authority pursuant to § 2.2-2237.1 regarding target companies, specific allocation of resources and staff for marketing activities, and specific marketing activities that would reveal to the Commonwealth's competitors for economic development projects the strategies intended to be deployed by the Commonwealth, thereby adversely affecting the financial interest of the Commonwealth. The executive summaries of the strategic plan, marketing plan, and operational plan shall not be redacted or withheld pursuant to this subdivision.



# **VEDP FY18 MAJOR INITIATIVES**

# MAJOR INITIATIVES

- Craft a robust, modern marketing and branding, site consultant cultivation, and lead generation program, including a legislative proposal to fund it
- Update the process and metrics for handling project management, with a special focus on Salesforce
- Develop a comprehensive VEDP strategic plan with ample stakeholder feedback
- Develop an updated, targeted Economic Development Strategy and Action Plan for the Commonwealth of Virginia and its Regions
- Respond to recommendations made by JLARC in its 2016 report to improve management and accountability
- Launch a first-rate Division of Incentives and a related public reporting website
- Launch a national rankings initiative to get Virginia back to the top in major national business climate rankings
- Develop a protocol to clarify roles and responsibilities of VEDP and its regional and local partners
- Finalize a proposal to launch a world-class, turnkey, customized workforce recruitment and training incentive
- Finalize a proposal to substantially expand VEDP's site development program
- Design and launch a targeted business retention and expansion program, in close collaboration with regional and local stakeholders
- Work closely with the Rural Center and other rural stakeholders to develop a comprehensive strategy to position Rural Virginia for growth
- Improve coordination between the International Trade division and VEDP overall and explore opportunities to expand international trade in Virginia

# **VEDP FY18 NEW OR REFINED ONGOING ACTIVITIES**

# NEW OR REFINED ONGOING ACTIVITIES

## Major new or refined ongoing activity in FY18

## VEDP division

• Develop a brand positioning strategy for both VEDP and the Commonwealth of Virginia	Communications and Promotions
• Secure new agency partners for VEDP Communications and Promotions	Communications and Promotions
• Develop a new brand identity for VEDP	Communications and Promotions
• Create a photo database, tagged based on all content for use in VEDP collateral and on the VEDP website	Communications and Promotions
• Develop a comprehensive suite of identity and collateral systems to provide the foundation for all of VEDP's marketing efforts and stakeholder communications	Communications and Promotions
• Develop a library of case studies reflective of all regions and target industries	Communications and Promotions
• Launch new website	Communications and Promotions
• Develop and launch a marketing assets management system that is accessible for VEDP staff and partners on the new VEDP website	Communications and Promotions
• Create a comprehensive deck of presentation tools to be used by VEDP staff and partners	Communications and Promotions
• Develop a national and international public relations and earned media strategy	Communications and Promotions
• Develop a paid media plan and creative material to be implemented contingent on funding	Communications and Promotions
• Develop and provide ongoing oversight and maintenance for VEDP's operational plan	Economic Competitiveness

# NEW OR REFINED ONGOING ACTIVITIES (CONT'D)

Major new or refined ongoing activity in FY18	VEDP division
Develop and maintain an evolving list of policy improvements that advance Virginia and its regions economically and/or improve VEDP operations	Economic Competitiveness
Develop and implement a second-stage growth assistance program	Economic Competitiveness
Initiate regional and local partner meetings	Economic Competitiveness
<ul style="list-style-type: none"> <li>• Develop and administer a broad talent management system</li> </ul>	Human Resources
<ul style="list-style-type: none"> <li>• Ensure alignment of existing incentives policies and procedures with overarching goals, priorities, and statutory responsibilities and mandates</li> </ul>	Incentives
<ul style="list-style-type: none"> <li>• Review incentive-related best practices for potential improvements to VEDP-administered incentive programs</li> </ul>	Incentives
<ul style="list-style-type: none"> <li>• Process incentive applications in a timely manner and with a focus on delivering the highest level of customer service possible</li> </ul>	Incentives
<ul style="list-style-type: none"> <li>• Exercise due diligence in evaluating each incentive or grant program applicant</li> </ul>	Incentives
<ul style="list-style-type: none"> <li>• Ensure that each incentive or grant applicant is given thorough review and vetting during the pre-approval process</li> </ul>	Incentives
<ul style="list-style-type: none"> <li>• Establish and adhere to policies and procedures to review, vet, and coordinate incentives offered by other agencies and localities</li> </ul>	Incentives
<ul style="list-style-type: none"> <li>• Ensure that each incentive or grant applicant undergoes required steps in the approval processes</li> </ul>	Incentives

# NEW OR REFINED ONGOING ACTIVITIES (CONT'D)

<b>Major new or refined ongoing activity in FY18</b>	<b>VEDP division</b>
• Monitor all projects approved for incentives	Incentives
• Ensure that performance agreements are drafted and executed with grant recipients	Incentives
• Manage the reporting process for all grant recipients	Incentives
• Manage the verification process for all performance agreement-related metrics	Incentives
• Facilitate discussions with incentive recipients and other interested parties, as applicable	Incentives
• Notify, update, and report on any extensions granted or clawback provisions enforced	Incentives
• Ensure any necessary legal actions are taken to assist with recovery actions for repayment required	Incentives
• Provide any reports requested by EDOT or the VEDP Board	Incentives
• Ensure proper reporting and data and metrics analysis on all incentives-related data	Incentives
• Establish an internal audit function supervised directly by the VEDP Board	Internal Audit
• Identify opportunities to improve the efficiency and effectiveness of agency operations	Internal Audit

# NEW OR REFINED ONGOING ACTIVITIES (CONT'D)

## Major new or refined ongoing activity in FY18

## VEDP division

- Perform audits on VEDP activities
- Develop an annual work plan
- Conduct routine and periodic audit activities as directed by the VEDP Board

Internal Audit

Internal Audit

Internal Audit

# **VEDP FY18 PERFORMANCE METRICS**



# FY18 PERFORMANCE METRICS

## Performance Metrics and Goals

	FY18	FY17	FY16
<b>VEDP-assisted project announcements: capital investment</b>	\$2.5B	\$2.8B	\$2.7B
<b>VEDP-assisted project announcements: direct jobs</b>	14,500	13,500	13,000
<b>VEDP-generated leads: number*</b>	400	N/A	N/A
<b>VEDP-generated leads: number converted*</b>	100	N/A	N/A
<b>Virginia companies enrolled in International Trade programs</b>	320	350	390
<b>Projected international sales from Virginia companies participating in International Trade programs</b>	\$768MM	N/A***	N/A***
<b>Projected trade-supported jobs** from Virginia companies participating in International Trade programs</b>	6,900	N/A***	N/A***

\* Note: Metrics for leads generated and leads converted were not utilized by VEDP during FY17 or FY16, which is why no previous goals for these metrics exist

\*\* Includes direct, indirect, and induced jobs

\*\*\* FY16 and FY17 goals were more qualitative in nature, whereas a more quantitative approach is proposed for FY18

# **VEDP FY18 OPERATIONAL PLAN APPENDICES**

# **APPENDIX A**

## **FY18 BUDGET**

# Virginia Economic Development Partnership FY2018 Budget Summary

## FY2018/FY2017 Revenue Sources

	FY18 Dollars	FY17 Dollars	\$ Change	% Change
<b>Revenue</b>				
COV Appropriations	\$ 26,735,046	\$ 26,099,846	\$ 635,200	2%
Carry Forward Funds	6,391,677	2,887,942	3,503,735	121%
Participation and Mission Fees	263,000	335,350	(72,350)	-22%
Federal Grant Funds	-	1,109,461	(1,109,461)	-100%
Other Revenue	169,800	300,750	(130,950)	-44%
<b>Total Revenue</b>	<b>\$ 33,559,523</b>	<b>\$ 30,733,349</b>	<b>\$ 2,826,174</b>	<b>9%</b>

## Commonwealth of Virginia (COV) Appropriations

### COV Appropriations Increase of \$635,200 was due to:

Restoration of International Trade Program Funding	\$ 914,461
Estimated 3% Raise and Benefits Funding	200,000
Changes in Business Development Programs	(359,000)
Other Budget Changes	(120,261)
<b>Total COV Appropriations Change</b>	<b>\$ 635,200</b>

# Virginia Economic Development Partnership FY2018 Budget Summary

## FY2018/FY2017 Expenditure Summary

	FY18		FY17		\$	%	Staff
	Dollars	Staff	Dollars	Staff	Change	Change	Change
<b>Division Budgets</b>							
Workforce Development	\$ 1,345,078	9	\$ 1,429,791	9	\$ (84,713)	-6%	-
International Trade	7,048,659	18	6,902,789	18	145,870	2%	-
Business Investment	5,968,157	30	4,537,857	24	1,430,300	32%	6
Research	2,329,830	18	2,427,439	18	(97,609)	-4%	-
Communications and Promotions	2,984,557	9	4,256,721	10	(1,272,164)	-30%	(1)
Economic Competitiveness	1,234,672	8	1,352,431	8	(117,759)	-9%	-
Information Technology	1,562,253	11	1,635,672	11	(73,419)	-4%	-
Administration	4,019,332	20	2,704,304	16	1,315,028	49%	4
<b>Total Division Budgets</b>	<b>\$ 26,492,538</b>	<b>123</b>	<b>\$ 25,247,004</b>	<b>114</b>	<b>\$ 1,245,534</b>	<b>5%</b>	<b>9</b>
<b>Pass Throughs, Grants and Projects</b>	<b>7,066,985</b>	<b>-</b>	<b>5,486,345</b>	<b>-</b>	<b>1,580,640</b>	<b>29%</b>	<b>-</b>
<b>Total VEDP Budget</b>	<b>\$ 33,559,523</b>	<b>123</b>	<b>\$ 30,733,349</b>	<b>114</b>	<b>\$ 2,826,174</b>	<b>9%</b>	<b>9</b>

# Virginia Economic Development Partnership FY2018 Budget Summary

## FY2018/FY2017 Expenditure Summary

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### **VEDP**

VEDP's overall budget primarily was impacted by a net of nine new positions (two for Division of Incentives, one for internal auditor, one for training and professional development, and five for marketing and lead generation), which will be focused on addressing major JLARC recommendations.

### **Workforce Development**

The Workforce Development budget was reduced to meet the required FY2018 Governor's Budget Reductions.

### **International Trade**

There were no substantial changes to the International Trade budget.

### **Business Investment**

The BI budget was increased by transferring the Governor's and other Missions function, the Call Center and other Lead Generation activities to BI; and by establishing the Business Retention and Expansion function. This resulted in a net of six new positions.

# Virginia Economic Development Partnership FY2018 Budget Summary

## FY2018/FY2017 Expenditure Summary

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### **Research**

Research had a net decrease in personnel costs by transferring two higher priced positions to Business Investment and Competitive Initiatives and replacing them with lower cost personnel.

### **Communications and Promotions**

Communications and Promotions transferred out its Governor's and Other Missions resources and the Call Center and Lead Generation functions to Business Investment resulting in a net reduction of one position and reduction in overall budget.

### **Economic Competitiveness**

The Economic Competitiveness budget decreased primarily due to the reduction of funds deployed for consulting services to develop the Sustained Growth Initiative.

### **Information Technology**

Information Technology budget decreased due to additional equipment purchases in FY2017.

### **Administration**

Administration added the Incentives Unit, the Internal Audit function, and an additional Human Resources staff person for Talent Management, all to address the JLARC requirements. Because there were two existing Administrative Staff that were retasked to the Incentives Unit, the net increase in staff was only four.

# Virginia Economic Development Partnership FY2018 Budget Summary

## FY2018/FY2017 Expenditure Summary

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<b>Pass Throughs, Grants, and Projects</b>	<b><u>FY2018</u></b>	<b><u>FY2017</u></b>
Brownfield Restoration and Redevelopment Fund	\$ 3,090,368	\$ 2,016,884
Commonwealth Center for Advanced Manufacturing (CCAM)	925,000	1,000,000
Virginia Business Ready Sites Fund	1,231,617	750,000
Target Industry Economic Development Strategy	1,500,000	-
Employment Recruitment and Consulting Contract	200,000	-
Employee Training	100,000	-
Engagement Survey	20,000	-
Office of Economic Adjustment (OEA) Grant for the Defense Industry	-	750,000
State Trade and Export Promotion (STEP) Grant	-	359,461
Facility Modifications and Vehicle Purchase	-	310,000
CEO Search and Relocation, and COO Interim Supplement	-	200,000
Lindenburg Legal Fees	-	100,000
<b>Total Pass Throughs, Grants, and Projects</b>	<b><u>\$ 7,066,985</u></b>	<b><u>\$ 5,486,345</u></b>