

FY 2021 OPERATIONAL PLAN: EXECUTIVE SUMMARY

June 30, 2020

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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 et seq.).
- 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 FY21 Operational Plan has been prepared in accordance with Code of Virginia, § 2.2-2237.1 D.2. and the Virginia Budget, which require that an Operational Plan be completed and submitted to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and to the Director of the Department of Planning and Budget prior to July 1, 2020.
- This FY21 Operational Plan marks the third full year of implementation of the Strategic Plan for Economic Development of the Commonwealth of Virginia (FY19-FY23), approved by the VEDP Board of Directors in late 2017 pursuant to the Code of Virginia, §2.2-2237.1. The 11 major initiatives contained in this FY21 Operational Plan are largely derived from the initiatives outlined in the Strategic Plan.

THE OPERATIONAL PLAN GUIDES VEDP'S ACTIONS THROUGHOUT THE YEAR

- **This FY21 Operational Plan is based primarily upon the goals, strategies, and initiatives outlined in the FY19-23 Strategic Plan.** The annual plan is the result of a VEDP-wide effort which identified improvement areas and new ideas for the coming year and translated those ideas into a plan for action.
- **The goals of this FY21 Operational Plan include the following:**
 - 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 this Operational Plan* will be reviewed throughout the year through the following activities:**
 - Regular updates at senior team meetings
 - Regular internal meetings of each VEDP division (e.g., Business Investment, 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

* The implementation timelines outlined in the Operational Plan are subject to adjustment based on VEDP project activities and/or changes in priorities

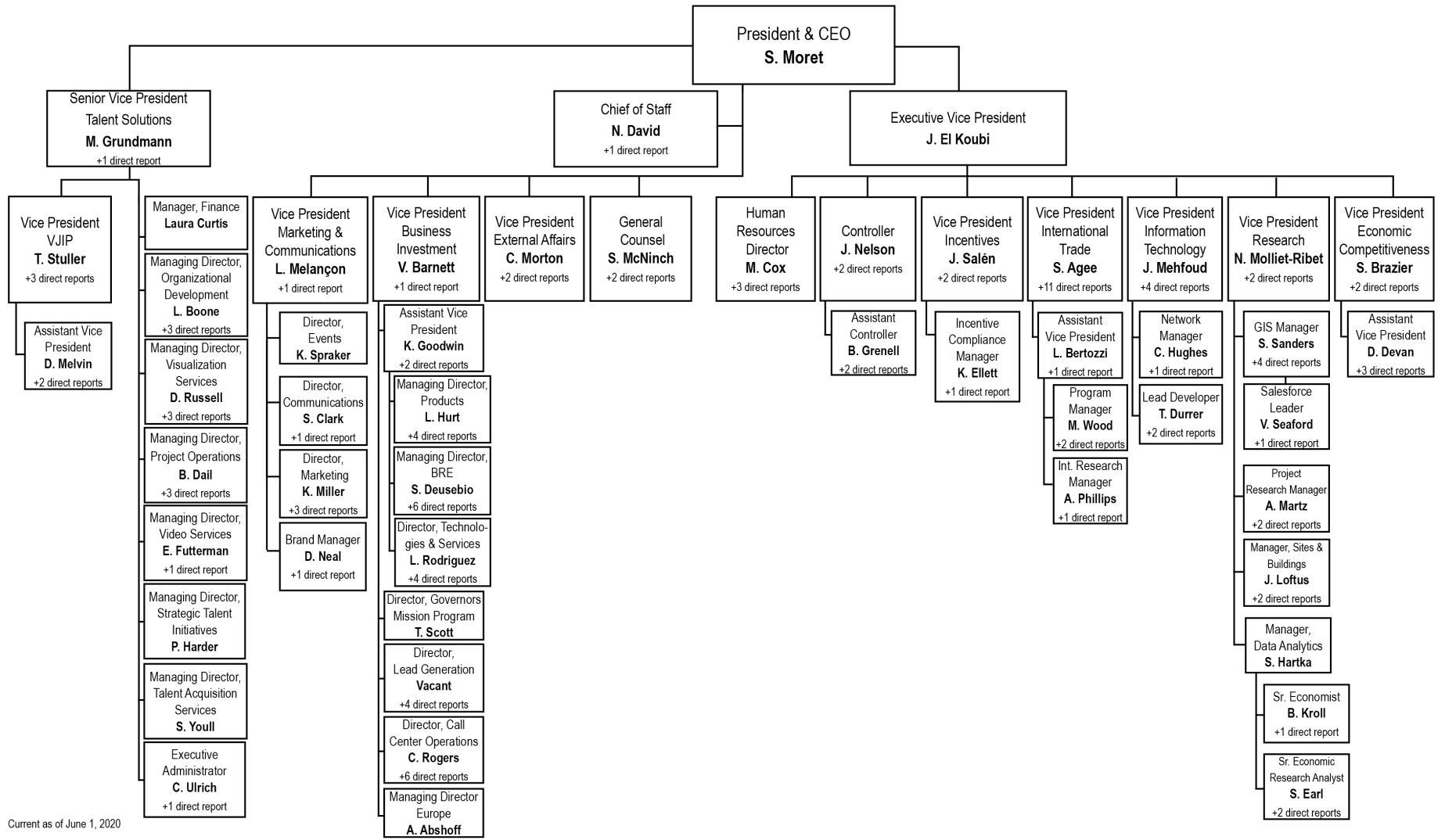
VEDP ORGANIZATIONAL OVERVIEW (1 OF 2)

Division	Overview
Business Investment	<ul style="list-style-type: none">▪ Collaborates with regional and local partners to identify and convert high-potential leads and prospects into project opportunities and decisions for Virginia, as well as support the retention and growth of existing Virginia employers
Marketing and Communications	<ul style="list-style-type: none">▪ Manages Virginia’s business brand (and VEDP’s) and builds awareness of the Commonwealth’s advantages among C-level executives nationally and globally
Research	<ul style="list-style-type: none">▪ Creates customized, relevant, and insightful analysis and data visualizations that promote a common understanding of Virginia’s full value proposition, with a central focus on fast-turn, high-priority, tailored client service (e.g., RFP responses, site recommendations)
Incentives	<ul style="list-style-type: none">▪ Reviews, vets, tracks, and coordinates economic development incentives administered by VEDP and those offered by the Commonwealth or a locality in conjunction with VEDP
Talent Solutions	<ul style="list-style-type: none">▪ Supports the human capital needs of new and expanding businesses by delivering world-class, customized workforce recruitment and training solutions in partnership with the Virginia Community College System; managing the Virginia Jobs Investment Program (VJIP); and developing systemic talent pipeline initiatives to address regional or statewide talent shortages
International Trade	<ul style="list-style-type: none">▪ Supports growth and expansion of Virginia’s local firms seeking international markets through the administration of targeted programs to increase managerial capabilities and improve networks in key countries and regions
External Affairs	<ul style="list-style-type: none">▪ Cultivates and manages relationships with local, state, and federal elected officials, as well as VEDP’s economic development partners across the Commonwealth, including convening work groups and overseeing special initiatives regarding policy development and program implementation

VEDP ORGANIZATIONAL OVERVIEW (2 OF 2)

Division	Overview
Economic Competitiveness	<ul style="list-style-type: none">▪ Develops medium-to-long-term strategies to improve the foundations for state, regional, and local economic growth
Information Technology	<ul style="list-style-type: none">▪ 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
Fiscal and Support Services	<ul style="list-style-type: none">▪ Manages all accounting and budget-related work and provides facilities, fleet management, and procurement services
Human Resources	<ul style="list-style-type: none">▪ Manages employee payroll and benefits and coordinates employee hiring, training, and performance reviews
Legal Services	<ul style="list-style-type: none">▪ Advises on legal aspects of legislation, rules, contracts, and other issues; manages legal activities for VEDP
Internal Audit	<ul style="list-style-type: none">▪ Performs periodic audits on operations, accounts, and transactions and reports findings to the VEDP Board

VEDP ORGANIZATIONAL CHART



Current as of June 1, 2020

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP BOARD OF DIRECTORS

As of June 9, 2020

Ned W. Massee, Chair

Croatan Advisors

William “Bill” Hayter

President and CEO, The First Bank & Trust Company

The Honorable Brian Ball, Vice Chair

Secretary of Commerce and Trade, Commonwealth of Virginia,
Ex Officio Member

April Kees

Director, Virginia Senate Finance and Appropriations Committee,
Ex Officio Member

Carrie Hileman Chenery

Principal, Valley Pike Partners

The Honorable Aubrey L. Layne, Jr.

Secretary of Finance, Commonwealth of Virginia, *Ex Officio Member*

C. Daniel Clemente

Chairman and Chief Executive Officer, Clemente Development Company, Inc.

Vincent J. Mastracco, Jr.

Partner, Kaufman & Canoles PC

Heather Engel

Managing Partner, Strategic Cyber Partners

Anne Oman

Director, Virginia House of Delegates Appropriations Committee,
Ex Officio Member

Gregory B. Fairchild

Associate Dean for Washington, DC Area Initiatives at the University of Virginia, Darden School of Business

Dan M. Pleasant

Chief Operating Officer, Dewberry

Tom Farrell, II

President/CEO, Dominion Energy

John F. Reinhart

CEO and Executive Director, The Port of Virginia, *Ex Officio Member*

Deborah Flippo

Economic Development Program Manager, Draper Aden Associates, Inc.

Xavier R. Richardson

Executive Vice President, Corporate Development and Community Benefit, Mary Washington Healthcare President, Mary Washington Hospital and Stafford Hospital Foundations

Richard “Rick” O. Harrell, III

President (retired), R.O. Harrell Inc.

OVERVIEW OF THE STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF VIRGINIA (FY19-23)

- On December 1, 2017, VEDP produced its “strategic plan for specific economic development activities for the Commonwealth as a whole” in accordance with § 2.2-2237.1 of the Code of Virginia
- As required by Code, the Strategic Plan identifies specific goals and objectives for VEDP, as well as quantifiable metrics and performance measures for each goal and objective. The Plan also includes a systematic assessment of how VEDP can best add value in carrying out each of its statutory powers and duties
- As required by Code, the Strategic Plan was crafted to be responsive to the Governor’s Economic Development Strategy, called for in § 2.2-205
- Key economic development partners were integrally involved in the strategic planning process, including state, regional, and local economic development agencies and organizations and international trade organizations
- As noted above, there is also considerable alignment between this FY21 Operational Plan and VEDP’s Strategic Plan as this year’s Operational Plan marks the third full year of Strategic Plan implementation. The 11 major initiatives contained in this FY21 Operational Plan are derived from the initiatives outlined in the Strategic Plan

FRAMEWORK FOR IMPLEMENTING VEDP'S STRATEGIC PLAN

- 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) analyses

STRATEGIC PLAN IMPLEMENTATION

- The Strategic Plan for Economic Development of the Commonwealth of Virginia adopted by the VEDP Board is a five-year plan (FY19-FY23), implementation of which began on July 1, 2018
- The Strategic Plan includes five transformational goals, the achievement of which requires the implementation of 40 initiatives
- Some of the initiatives in the Strategic Plan will require new funding to implement
- VEDP's FY21 Operational Plan is based on the initiatives outlined in the Strategic Plan as well as new initiatives developed in response to the economic impacts of the COVID-19 pandemic
- Some of the Strategic Plan initiatives scheduled for implementation in FY21 will not be funded, slowing progress toward achieving the transformational goals
- VEDP is prepared for the third year of implementation of the Strategic Plan and, in Fall 2019, developed a draft of final metrics to track performance. VEDP is working on finalizing that set of metrics

TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH AND VEDP






The following five transformational economic development goals were identified for both VEDP and the Commonwealth of Virginia as part of VEDP's strategic planning process completed in FY18

1. 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. Ensure every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment and median earned income of workers)
3. 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. Reestablish VEDP as one of America's most effective state economic development organizations (principally to better enable accomplishment of the top three transformational goals)
5. Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP)

FIVE TRANSFORMATIONAL GOALS CAN BE ACHIEVED VIA THE EXECUTION OF 14 STRATEGIES OVER THE NEXT 5-7 YEARS

Goal	Strategy
Cultivate target industry growth clusters	1. Push new boundaries as a U.S. leader in information technology
	2. Assemble a world-class transportation and logistics hub
	3. Position Virginia’s manufacturing base to be future-ready
	4. Create business services and operations centers of excellence (e.g., HQs)
	5. Capitalize on Virginia’s unique assets to become a leader in promising disruptive technologies (e.g., unmanned systems, genomics, personalized medicine)
Enhance VA's economic competitiveness	6. Strengthen Virginia’s human capital development engine
	7. Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia
	8. Rigorously assess and steadily improve Virginia’s state, regional, and local economic competitiveness
	9. Leverage public-private partnerships to strengthen Virginia’s digital infrastructure (i.e., broadband)
	10. Place a special focus on achieving growth in Virginia’s rural regions and small metros
Enhance VEDP’s capabilities	11. Cultivate world-class execution at VEDP
	12. Implement robust marketing/branding, lead generation, and site consultant cultivation programs
	13. Strengthen and expand business and international trade development programs
	14. Become a national leader in incentives administration

PROGRESS HAS BEEN MADE ON ALL FIVE TRANSFORMATIONAL GOALS, BUT MUCH WORK REMAINS TO FULLY ACHIEVE THEM

Transformational Goal	Description	Outlook
1. Robust state job growth	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 most effective 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)	





-  On track to achieve long-term goals with no major concerns
-  Will likely not meet goal (typically due to lack of funding)
-  Will make progress against long-term goals but concerns (typically due to funding challenges)
-  Not started

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TENTATIVE MAJOR INITIATIVES FOR THE FY21 OPERATIONAL PLAN

#	Major initiative	Owner	Page
1	Refresh FY19-23 Strategic Plan, including addressing post-COVID challenges and opportunities	Brazier	17
2	Finalize and execute strategies to capture post-COVID economic recovery and growth opportunities	Brazier/ Moret	18
3	Implement lead generation Initiatives targeting post-COVID growth industries	Barnett	19
4	Embed continuously-refined value proposition in VEDP messaging and marketing materials	Melançon	20
5	Leverage the Virginia Talent Accelerator Program to win post-COVID reshoring projects and refine program operations	Grundmann	21
6	Identify and invest in key talent shortages across high-demand occupations	Watkins / Harder	23
7	Develop and execute an outreach strategy to assess local and regional competitiveness	Watkins / Harder	25
8	Cultivate rural and small metro tech centers across Virginia	Rodriguez	26
9	In partnership with the Virginia Chamber, complete launch of Team Virginia, an executive-to-executive 501(c)3 marketing organization	Melançon	28
10	Implement a comprehensive talent management program	EI Koubi / VP of HR	29
11	Support Virginia businesses through the international trade plan and virtual trade missions	Agee	32

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PERFORMANCE METRICS AND GOALS FOR FY21*

FY21 Goal	
VEDP-assisted project announcements	
Capital investment (\$B)	TBD
Direct jobs	TBD
VEDP-generated leads	
Number	TBD
Number converted	TBD
VEDP International Trade programs	
Companies enrolled	TBD
Projected international sales (\$ million)	TBD
Projected trade-supported jobs	TBD

* Due to substantial uncertainty with respect to the global and national economic outlook, FY21 metric-based outcome goals cannot be reasonably determined as of late June 2020 – they may be settled by the VEDP Board in the fall

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VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2021 BUDGET SUMMARY

Revenue Sources

	<u>FY2021</u>	<u>FY2020</u>	<u>Change</u>
Revenue			
COV General Fund Budgeted	\$35,302,309	\$35,139,731	\$ 162,578
Carry Forward Funds	5,246,128	6,914,243	(1,668,115)
Participation and Mission Fees	365,000	475,000	(110,000)
Other Revenue	324,600	313,100	11,500
Total Revenue	<u>\$41,238,037</u>	<u>\$42,842,074</u>	<u>\$ (1,604,037)</u>

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2021 BUDGET SUMMARY (CONT'D)

Budgeted Expenditure Summary

	FY21		FY20		\$ Change	% Change
	Dollars	Staff	Dollars	Staff		
Division Budgets						
Talent Solutions (Note)	\$ 7,967,294	40	\$ 4,729,033	26	3,238,261	68%
International Trade	6,924,772	19	6,849,596	19	75,176	1%
Business Investment	6,078,553	32	6,187,073	32	(108,520)	-2%
Research	2,874,932	22	2,695,098	22	179,834	7%
Marketing & Communications	4,483,864	11	4,410,817	11	73,047	2%
Economic Competitiveness	999,039	7	1,001,597	7	(2,558)	0%
Information Technology	1,401,537	10	1,405,237	10	(3,700)	0%
Incentives	637,906	5	631,996	5	5,910	1%
Administration	4,307,640	20	4,131,127	20	176,513	4%
Total Division Budgets	✓ \$35,675,537	✓ 166	✓ \$32,041,574	✓ 152	3,633,963	11%
Pass Throughs, Grants and Projects	5,562,500	-	10,800,500	-	(5,238,000)	-48%
Total VEDP Budget	✓ \$41,238,037	✓ 166	✓ \$42,842,074	✓ 152	(1,604,037)	-4%

Note: New recurring costs for the Virginia Talent Accelerator Program will be avoided until VEDP has adjusted its budget to account for anticipated state general funding reductions for FY21.

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COMPONENTS OF THIS FY21 OPERATIONAL PLAN REQUIRED BY THE CODE OF VIRGINIA

This section of the FY21 Operational Plan contains the two components required by statute, itemized below:

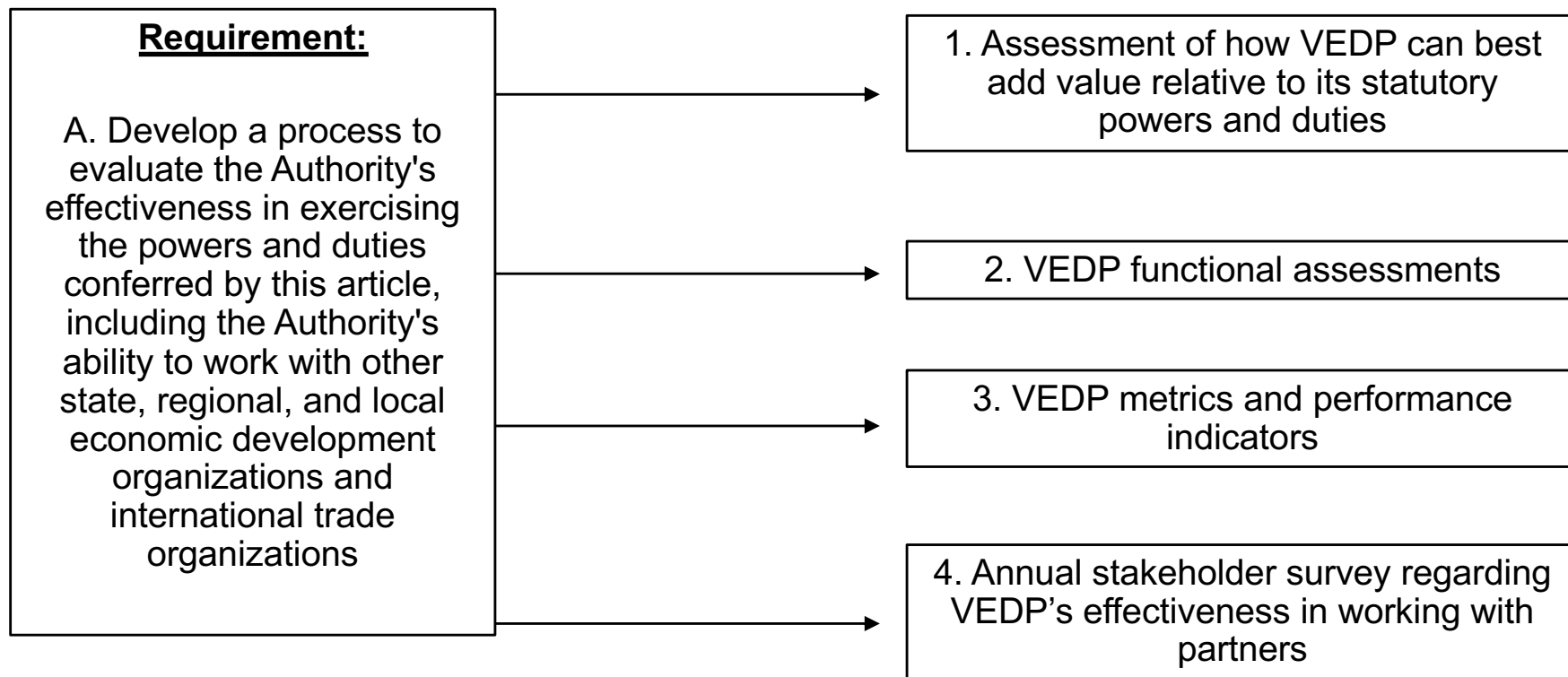
Virginia Code § 2.2-2237.1. Board of directors to develop strategic plan for economic development; marketing plan; operational plan; submission

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.

VEDP WILL CONTINUE TO EVALUATE ITS EFFECTIVENESS IN EXERCISING ITS POWERS AND DUTIES

VEDP's approach to addressing this statutory requirement includes four components:



VEDP DEVELOPED A STRATEGY FOR COORDINATING WITH KEY STAKEHOLDERS

VEDP's approach to addressing this statutory requirement includes two components:

