

In accordance with Section 2.2-3705.7 (33) of the Code of Virginia of 1950, as amended, the Virginia Economic Development Partnership Authority hereby designates all portions of this Operational Plan to be protected from disclosure under the Virginia Freedom of Information Act, except for the Executive Summary.

FY2023 OPERATIONAL PLAN: EXECUTIVE SUMMARY

American Woodmark, Frederick County

July 18, 2022

TABLE OF CONTENTS

Introduction to and overview of the FY23 Operational Plan	3
Major Initiatives	16
Appendix: Performance Metrics	18
Appendix: FY 23 Budget Summary	20
Appendix: Components of the FY23 Operational Plan Required by the Code of Virginia	23

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 FY23 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 by November 1, 2022
- This FY23 Operational Plan marks the fifth 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 biennial update of the Strategic Plan began in January 2020 and was concluded in late 2020 due to the COVID-19 pandemic
- The 11 major initiatives contained in this FY23 Operational Plan are largely derived from the initiatives outlined in the updated Strategic Plan for Economic Development of the Commonwealth of Virginia (FY21-FY25)

THE OPERATIONAL PLAN GUIDES VEDP'S ACTIONS THROUGHOUT THE YEAR

This FY23 Operational Plan is based primarily upon the goals, strategies, and initiatives outlined in the updated five-year Strategic Plan (FY21-FY25)

- The annual plan is the result of a VEDP-wide effort that identified improvement areas and new ideas for the coming year and translated those ideas into a plan for action

The goals of this FY23 Operational Plan include:

- 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, Talent Solutions, International 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

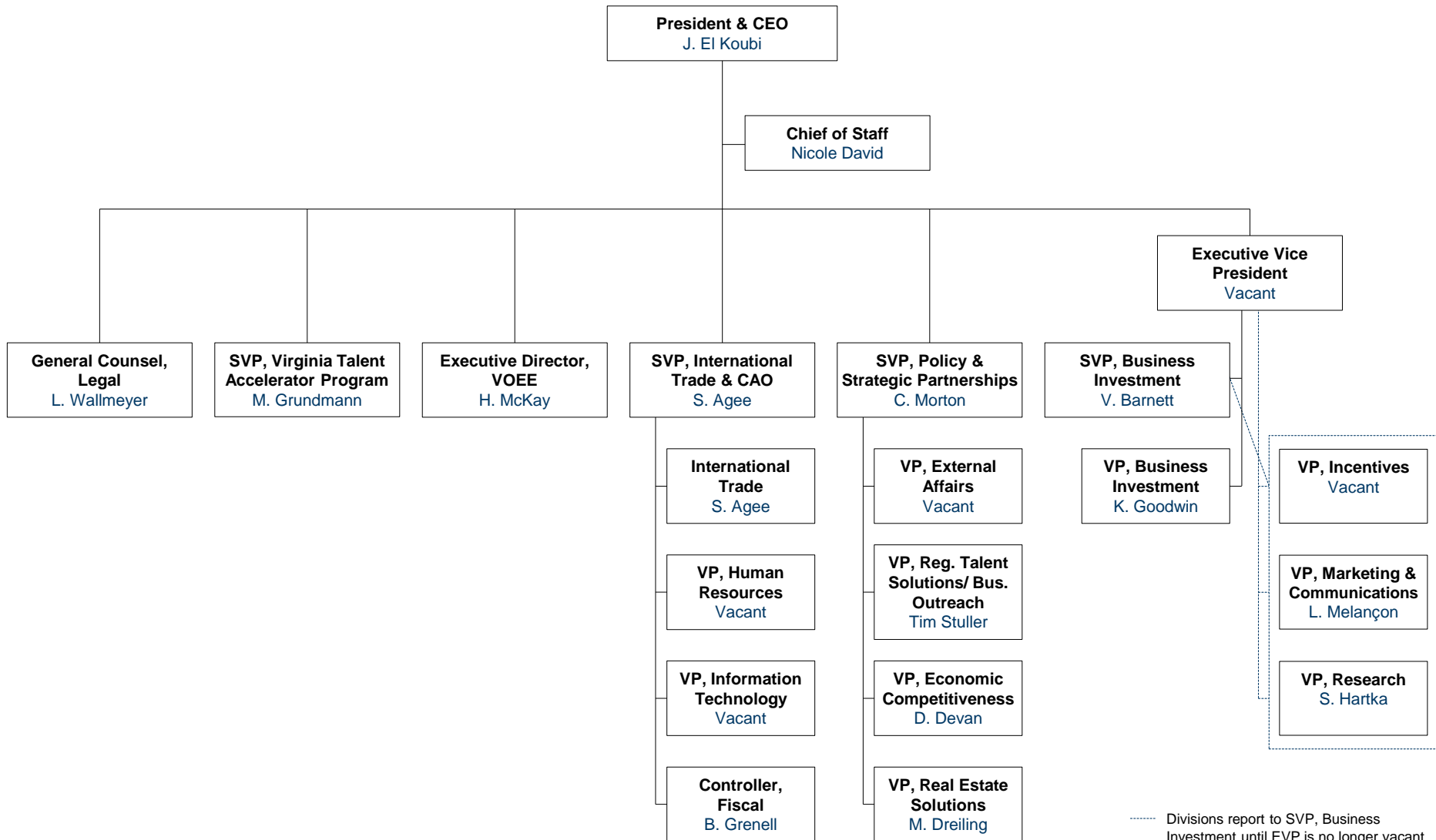
*The implementation timelines outlined in the Operational Plan are subject to adjustment based on VEDP project activities and/or changes in priorities

VEDP ORGANIZATIONAL OVERVIEW (1 OF 2)

Division	Overview
Business Investment	Collaborates with regional and local partners to identify and convert high-potential leads and prospects into project opportunities and decisions for Virginia and supports the retention and growth of existing Virginia employers
Marketing and Communications	Manages Virginia's business brand (and VEDP's) and builds awareness of the Commonwealth's advantages among C-level executives nationally and globally
Research	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	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	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 through the Virginia Talent Accelerator Program; manages the Virginia Jobs Investment Program (VJIP); conducts existing business outreach; and collaborates with VOEE to assist with talent initiatives
International Trade	Supports growth and expansion of Virginia's local firms seeking international markets and optimizes international supply chains through the administration of targeted programs to increase managerial capabilities and improve networks in key countries and regions
External Affairs	Coordinates and manages all legislative and budgetary initiatives; cultivates and manages relationships with local, state, and federal elected officials, as well as relationships with VEDP's economic development partners across the Commonwealth; and convenes work groups and oversees special initiatives regarding policy development and program implementation

VEDP ORGANIZATIONAL OVERVIEW (2 OF 2)

Division	Overview
Economic Competitiveness	Develops medium-to-long-term strategies to improve the foundations for state, regional, and local economic growth
Real Estate Solutions	Supports business attraction and expansion efforts by strategically developing a comprehensive statewide portfolio of project-ready sites and buildings and engaging economic development projects to address real estate needs
Virginia Office of Education Economics	Provides a unified, consistent source of analysis for policy development and implementation related to talent development; offers resources and expertise related to education and labor market alignment
Information Technology	Plans, implements, provides security for, and supports VEDP's technology platforms
Fiscal and Support Services	Manages all accounting and budget-related work and provides facilities, fleet management, and procurement services
Human Resources	Manages employee lifecycle, talent management, talent acquisition, retention, performance management, employee engagement, learning and development, benefits, and total rewards
Legal Services	Advises on legal aspects of legislation, rules, and contracts; manages legal activities for VEDP; drafts incentive agreements and NDAs; and responds to FOIA requests
Internal Audit	Performs periodic audits on operations, accounts, and transactions and reports findings to the VEDP Board



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP BOARD OF DIRECTORS – FY23

The Honorable Caren Merrick, Vice Chair

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

William “Bill” H. Hayter

Retired President and CEO, First Bank & Trust Co.

Nancy Howell Agee

Chair, GO Virginia, *Ex Officio Member*

April Kees

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

Carrie Hileman Chenery

Principal, Valley Pike Partners

Pace Lochte

Assistant Vice President for Economic Development, University of Virginia

C. Daniel Clemente

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

Anne Oman

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

Mimi Rainero Coles

Marketing and Business Development Vice President, Permatile Concrete Products Company

Marianne Radcliff

President, Kemper Consulting, Inc.

The Honorable Stephen Cummings

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

Xavier R. Richardson

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

Stephen A. Edwards

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

William D. Sessoms, Jr.

Executive Vice President, TowneBank

Richard “Rick” O. Harrell, III

President (retired), R.O. Harrell Inc

Steven Stone

Principal, Offit Kurman, Attorneys At Law

OVERVIEW OF THE STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF VIRGINIA (FY21-25)

- On December 1, 2017, VEDP produced its Strategic Plan for Economic Development of the Commonwealth in accordance with § 2.2-2237.1 of the Code of Virginia
- As required by Code, the biennial update to the Strategic Plan for Economic Development of the Commonwealth of Virginia began in January 2020 but was paused throughout the spring and summer as the world's attention shifted to confronting the COVID-19 pandemic. The update process was restarted and concluded in late 2020
- 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
- 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
- The Strategic Plan now contains an updated set of 35 initiatives (down from 40 in the original plan), which include three new initiatives developed in response to the pandemic
- There is considerable alignment between this FY23 Operational Plan and VEDP's Strategic Plan as this year's Operational Plan marks the fifth full year of Strategic Plan implementation. The 11 major initiatives contained in this FY23 Operational Plan are derived from the initiatives outlined in the Strategic Plan for FY21-FY25

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

IMPLEMENTATION DETAILS OF STRATEGIC PLAN

- The updated Strategic Plan for Economic Development of the Commonwealth of Virginia adopted by the VEDP Board is a five-year plan (FY21-FY25), implementation of which began July 1, 2021
- The Strategic Plan includes five transformational goals, the achievement of which requires the implementation of 14 strategies
- Some of the initiatives in the Strategic Plan will require new funding to implement
- VEDP's FY23 Operational Plan is based on the initiatives outlined in the Strategic Plan and includes initiatives developed in response to the economic impacts of the COVID-19 pandemic

TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH AND VEDP

Transformational Goal	Description
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)

THE STRATEGIC PLAN IDENTIFIES 14 STRATEGIES TO BE IMPLEMENTED OVER A 5-7 YEAR PERIOD, SUBJECT TO FUNDING

Enhance VA's economic competitiveness

By improving Virginia's "product" – its human and physical capital – Virginia will continue to be the top state for business and a top place to call home

Specific strategies:

1. Strengthen Virginia's human capital development engine
2. Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia
3. Rigorously assess and steadily improve Virginia's state, regional, and local economic competitiveness
4. Leverage public-private partnerships to strengthen Virginia's digital infrastructure (i.e., broadband)
5. Place a special focus on achieving growth in Virginia's rural regions and small metros

Enhance VEDP's capabilities

By improving VEDP's abilities to develop and execute economic development strategies and programs, Virginia will be well-positioned to compete now, and in the future

Specific strategies:

6. Cultivate world-class execution at VEDP
7. Implement robust marketing/branding, lead generation, and site consultant cultivation programs
8. Strengthen and expand business and international trade development programs
9. Become a national leader in incentives administration






Cultivate target industry growth clusters


By improving VEDP's capabilities and enhancing VA's economic competitiveness, Virginia will be better positioned to compete and win projects in target clusters


Specific strategies:


10. Push new boundaries as a U.S. leader in information technology
11. Assemble a world-class transportation and logistics hub
12. Position Virginia's manufacturing base to be future-ready
13. Create business services and operations centers of excellence (e.g., HQs)
14. Capitalize on Virginia's unique assets to become a leader in promising disruptive technologies

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 make progress against long-term goals but concerns (typically due to funding challenges)

 Will likely not meet goal (typically due to lack of funding)


 Not started

TABLE OF CONTENTS

Introduction to and overview of the FY23 Operational Plan 3

Major Initiatives 16

Appendix: Performance Metrics 18

Appendix: FY 23 Budget Summary 20

Appendix: Components of the FY23 Operational Plan Required by the Code of Virginia 23

MAJOR INITIATIVES FOR THE FY23 OPERATIONAL PLAN

#	Major initiative	Owner (Support)
1	Build out the best customized workforce recruitment and training incentive program in the U.S.	Grundmann
2	Develop long-term Real Estate Solutions strategy that includes execution of expanded VBRSP program and a regional ecosystem approach to site development	Dreiling
3	Expand Virginia exports and strengthen supply chains through implementation of high-priority elements of the International Trade Plan	Agee
4	Accelerate efforts towards achieving national leadership in tech sector growth across Virginia	Barnett (Welch)
5	Align and integrate VEDP's business outreach activities to achieve increased coverage and impact	Stuller
6	Support development of the Governor's Comprehensive Economic Development Policy to include analyzing the economic context	Devan (Hartka)
7	Build out VOEE's operating structure and execute on priority deliverables	McKay
8	Strengthen VEDP's lead generation, project management capabilities, and related support functions (pending additional funding)	Barnett (Goodwin, Snelling, Hartka)
9	Enhance industry strategies by fully leveraging existing assets and developing new capabilities (pending additional funding)	Barnett (Devan, Hartka, Dreiling, Melançon, Stuller)
10	Launch an Offshore Wind Supply Chain Grant Program to establish an end-to-end supply chain of small businesses within the Commonwealth	Goodwin
11	Finalize comprehensive HR talent management strategy and launch priority components	Cox

TABLE OF CONTENTS

Introduction to and overview of the FY23 Operational Plan 3

Major Initiatives 16

Appendix: Performance Metrics 18

Appendix: FY 23 Budget Summary 20

Appendix: Components of the FY23 Operational Plan Required by the Code of Virginia 23

PERFORMANCE METRICS AND GOALS FOR FY23

Metric	FY23 Goal
VEDP-assisted project announcements	
Capital investment (\$B)	\$7.5
Direct jobs	15,000
<i>Estimated total jobs*</i>	32,580
VEDP-generated leads	
Number	405
Number converted	200
VEDP International Trade programs	
Companies enrolled	450
Projected international sales (\$M)	\$795
Projected trade-supported jobs	7,250

*Estimated total direct, indirect, and induced jobs using multiplier of 2.172 based on historic project trends

TABLE OF CONTENTS

Introduction to and overview of the FY23 Operational Plan 3

Major Initiatives 16

Appendix: Performance Metrics 18

Appendix: FY 23 Budget Summary 20

Appendix: Components of the FY23 Operational Plan Required by the Code of Virginia 23

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2023 BUDGET SUMMARY (1/2)

Revenue Sources

	<u>FY2023</u>	<u>FY2022</u>	<u>Change</u>
Revenue			
COV General Fund Budgeted	\$48,511,992	\$45,014,579	\$ 3,497,413
Obligated Carry Forward Funds	14,329,666	8,731,590	5,598,076
Participation and Mission Fees	475,000	475,000	-
Other Revenue	348,100	211,080	137,020
Total Revenue	<u>\$63,664,758</u>	<u>\$54,432,249</u>	<u>\$ 9,232,509</u>

Note: "COV General Fund Budgeted" does not include \$1,500,000 provided to support the administration of new and expanding programs. This additional funding, sent down as an amendment by Governor Youngkin and approved by the General Assembly on 6/17/22, is unallotted until authorized for allotment by the Secretary of Finance.

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2023 BUDGET SUMMARY (2/2)

Budgeted Expenditure Summary

	FY23		FY22		\$	%
	Dollars	Staff	Dollars	Staff	Change	Change
Division Budgets						
Talent Solutions	\$17,332,268	53	\$13,115,613	40	4,216,655	32%
International Trade	11,756,814	31	8,635,586	22	3,121,228	36%
Business Investment	5,976,701	32	6,337,915	34	(361,214)	-6%
Research	3,066,507	22	2,964,875	22	101,632	3%
Marketing & Communications	4,559,844	12	4,712,844	12	(153,000)	-3%
Economic Competitiveness	1,075,198	8	1,033,198	7	42,000	4%
Real Estate Solutions	1,343,000	5	1,200,000	4	143,000	12%
Information Technology	1,110,227	7	1,446,265	10	(336,038)	-23%
Incentives	1,158,969	7	658,969	5	500,000	76%
Administration	4,983,064	23	4,560,844	21	422,220	9%
Total Division Budgets	\$52,362,592	200	\$44,666,109	177	7,696,483	17%
Pass Throughs, Grants and Projects	11,302,166	-	11,334,062	-	(31,896)	0%
Total VEDP Budget	\$63,664,758	200	\$56,000,171	177	7,664,587	14%

TABLE OF CONTENTS

Introduction to and overview of the FY23 Operational Plan	3
Major Initiatives	16
Appendix: Performance Metrics	18
Appendix: FY 23 Budget Summary	20
Appendix: Components of the FY23 Operational Plan Required by the Code of Virginia	23

COMPONENTS OF THIS FY23 OPERATIONAL PLAN REQUIRED BY THE CODE OF VIRGINIA

This section of the FY23 Operational Plan contains the two components required by statute, itemized below:

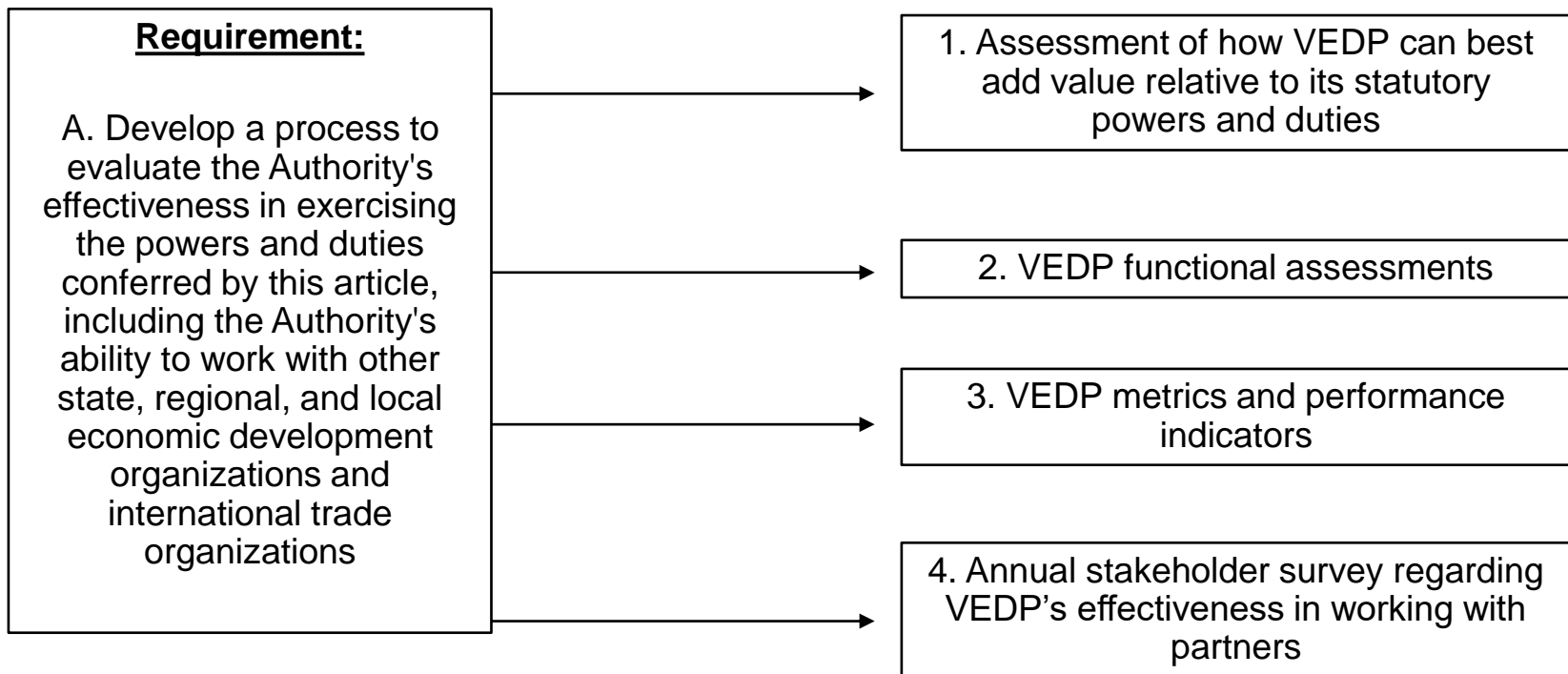
Virginia Code § 2.2-2237.1. Board of directors to develop strategic plan for economic development; marketing plan; operational plan; submission

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:

